

By Mr. COX: Resolution (H. Res. 343) requesting the Secretary of State to furnish to the House of Representatives information in regard to Jacob Hoffman; to the Committee on Foreign Affairs.

By Mr. SLAYDEN: Joint resolution (H. J. Res. 292) proposing to amend section 2971 of the Revised Statutes of the United States; to the Committee on Ways and Means.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills were introduced and severally referred as follows:

By Mr. BRITT: A bill (H. R. 17352) granting a pension to Cicero F. Smith; to the Committee on Pensions.

Also, a bill (H. R. 17353) granting a pension to Julius Scheuer; to the Committee on Pensions.

By Mr. CAMPBELL: A bill (H. R. 17354) granting an increase of pension to William Strope; to the Committee on Invalid Pensions.

By Mr. CLARK of Florida: A bill (H. R. 17355) granting a pension to Jessie G. Frier; to the Committee on Pensions.

By Mr. FORDNEY: A bill (H. R. 17356) granting a pension to Elamarette Eldredge; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 17357) granting an increase of pension to John Keefe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 17358) granting a pension to Arthur Paten; to the Committee on Pensions.

By Mr. HUDDLESTON: A bill (H. R. 17359) granting a pension to Robert L. Crook, jr.; to the Committee on Pensions.

By Mr. NORTH: A bill (H. R. 17360) granting a pension to Harriet Alexander; to the Committee on Invalid Pensions.

By Mr. RIORDAN: A bill (H. R. 17361) for the relief of William H. Sullivan; to the Committee on Claims.

By Mr. RUSSELL of Missouri: A bill (H. R. 17362) granting an increase of pension to John C. Smith; to the Committee on Invalid Pensions.

By Mr. SHOUSE: A bill (H. R. 17363) granting a pension to Elizabeth Noland; to the Committee on Pensions.

By Mr. WILSON of Florida: A bill (H. R. 17364) for the relief of H. W. Reddick; to the Committee on War Claims.

Also, a bill (H. R. 17365) granting a pension to Fred D. Abbott; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CAREW: Petition of New York Produce Exchange, favoring adequate American merchant marine; to the Committee on the Merchant Marine and Fisheries.

By Mr. DALE of New York: Memorial of National Association of Credit Men, favoring a national bankruptcy act; to the Committee on the Judiciary.

By Mr. DOOLING: Petition of the Merchants' Association of New York, favoring repeal of the law purporting to Federalize the National Guard; to the Committee on Military Affairs.

#### SENATE.

WEDNESDAY, August 9, 1916.

(Legislative day of Saturday, August 5, 1916.)

The Senate reassembled at 10 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gallinger	Overman	Sterling
Brandegee	Gronna	Penrose	Stone
Bryan	Harding	Ransdell	Swanson
Chamberlain	Johnson, S. Dak.	Reed	Taggart
Clapp	Jones	Robinson	Thompson
Clarke, Ark.	Kenyon	Shafroth	Tillman
Cole	Kern	Sheppard	Vardaman
Culberson	Lane	Simmons	Wadsworth
Curtis	Nelson	Smith, Ga.	Williams
Dillingham	Norris	Smith, S. C.	Works
Fletcher	Oliver	Smoot	

The VICE PRESIDENT. Forty-three Senators have answered to the roll call. There is not a quorum present. The Secretary will call the roll of absentees.

The Secretary called the names of the absent Senators, and Mr. WEEKS answered to his name when called.

Mr. BANKHEAD entered the Chamber and answered to his name.

Mr. KERN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the instructions of the Senate.

After a little delay Mr. CUMMINS and Mr. HARDWICK entered the Chamber and answered to their names.

Mr. PENROSE (at 10 o'clock and 20 minutes a. m.). Mr. President, I move that the Senate adjourn, and I ask for the yeas and nays on the question.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. COLT (when his name was called). I have a pair with the junior Senator from Delaware [Mr. SAULSBURY] and therefore withhold my vote.

Mr. STERLING (when his name was called). I have a pair with the senior Senator from Nevada [Mr. NEWLANDS] and therefore withhold my vote.

Mr. WADSWORTH (when his name was called). I have a pair with the junior Senator from New Hampshire [Mr. HOLLIS]. In his absence I withhold my vote.

Mr. WEEKS (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. JAMES]. In his absence I withhold my vote.

The roll call was concluded.

Mr. TILLMAN. I transfer my pair with the Senator from West Virginia [Mr. Goff] to the Senator from Tennessee [Mr. LEA] and vote "nay."

Mr. DILLINGHAM. I withhold my vote, as I have a general pair with the senior Senator from Maryland [Mr. SMITH].

Mr. GRONNA (after having voted in the affirmative). I voted, but I have a general pair with the Senator from Maine [Mr. JOHNSON]. Not knowing how he would vote if present, I withdraw my vote.

Mr. HARDING. In the absence of my general pair, the Senator from Alabama [Mr. UNDERWOOD], I withhold my vote.

Mr. SMITH of Georgia (after having voted in the negative). I have a general pair with the senior Senator from Massachusetts [Mr. LODGE]. As that Senator did not vote, I transfer that pair to the junior Senator from Louisiana [Mr. BROUSSARD] and will let my vote stand.

Mr. STONE. Mr. President, has the Senator from Wyoming [Mr. CLARK] voted?

The VICE PRESIDENT. He has not.

Mr. STONE. I transfer my pair with that Senator to the Senator from New Jersey [Mr. MARTINE] and vote "nay."

Mr. DILLINGHAM. I transfer my pair with the senior Senator from Maryland [Mr. SMITH] to my colleague [Mr. PAGE] and vote "nay."

Mr. VARDAMAN. I desire to announce that the Senator from Kentucky [Mr. BECKHAM] is detained from the Senate on official business.

Mr. KERN. I desire to announce that the Senator from Ohio [Mr. POMERENE] is necessarily detained from the Senate on important business.

Mr. CURTIS. I was requested to announce the following pairs:

The Senator from New Mexico [Mr. CATRON] with the Senator from Oklahoma [Mr. OWEN];

The Senator from Delaware [Mr. DU PONT] with the Senator from Kentucky [Mr. BECKHAM];

The Senator from New Mexico [Mr. FALL] with the Senator from West Virginia [Mr. CHILTON];

The Senator from North Dakota [Mr. McCUMBER] with the Senator from Colorado [Mr. THOMAS];

The Senator from Connecticut [Mr. McLEAN] with the Senator from Montana [Mr. MYERS];

The Senator from Illinois [Mr. SHERMAN] with the Senator from Kansas [Mr. THOMPSON];

The Senator from Michigan [Mr. SMITH] with the Senator from Missouri [Mr. REED];

The Senator from Utah [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. CLARKE]; and

The Senator from Rhode Island [Mr. LIPPITT] with the Senator from Montana [Mr. WALSH].

The result was announced—yeas 5, nays 34, as follows:

Cummins	Gallinger	Jones	Smoot
Curtis			
		YEAS—5.	
		NAYS—34.	
Ashurst	Clapp	Hardwick	Lane
Bankhead	Culberson	Johnson, S. Dak.	Myers
Bryan	Dillingham	Kenyon	Nelson
Chamberlain	Fletcher	Kern	Oliver

Overman  
Penrose  
Pittman  
Ransdell  
Robinson

Shafroth  
Sheppard  
Simmons  
Smith, Ga.  
Smith, S. C.

Stone  
Taggart  
Thompson  
Tillman  
Townsend

Vardaman  
Williams  
Works

# NOT VOTING—56.

Beckham  
Borah  
Brady  
Brandegee  
Broussard  
Catron  
Chilton  
Clark, Wyo.  
Clarke, Ark.  
Colt  
du Pont  
Fall  
Goff  
Gore

Gronna  
Harding  
Hitchcock  
Hollis  
Hughes  
Husting  
James  
Johnson, Me.  
La Follette  
Lea, Tenn.  
Lee, Md.  
Lewis  
Lippitt  
Lodge

McCumber  
McLean  
Martin, Va.  
Martine, N. J.  
Newlands  
Norris  
O'Gorman  
Page  
Phelan  
Poindexter  
Pomerene  
Reed  
Saulsbury

Sherman  
Shields  
Smith, Ariz.  
Smith, Md.  
Smith, Mich.  
Sterling  
Sutherland  
Swanson  
Thomas  
Underwood  
Wadsworth  
Walsh  
Warren  
Weeks

So the Senate refused to adjourn.

Mr. STONE. Mr. President, are there not a number of Senators present who did not vote?

The VICE PRESIDENT. The vote which has just been taken was on a motion to adjourn.

Mr. SIMMONS. I again suggest the absence of a quorum.

The VICE PRESIDENT. The Senate has not adjourned, and the order directing the attendance of a quorum is still in force and effect for the Sergeant at Arms to carry out the instructions of the Senate.

The Secretary called the names of Mr. MYERS and Mr. PITTMAN, who answered "Present."

Mr. STONE. Mr. President, I should like to make a parliamentary inquiry. If it be true that while an order of the Senate requiring the Sergeant at Arms to notify absent Senators to attend so as to make a quorum is pending, a motion to adjourn is made, as has been done in this instance, and it is disclosed that a quorum of the Senate is present, is it not entirely proper in such circumstances to move that the order to the Sergeant at Arms be vacated?

The VICE PRESIDENT. The roll call on the motion to adjourn did not disclose the presence of a quorum. The presence of a quorum has now been disclosed. Forty-nine Senators having answered to the roll call, a quorum is present.

## THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 15455) to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes.

Mr. SIMMONS. Mr. President, there has been a sudden and rapid growth of sentiment in this country in favor of what is usually characterized by the term "preparedness." That outburst of sentiment has not been the result of any panic or hysteria on the part of our people. We are just as sober-minded and just as sure of ourselves and our strength as ever. The war has not in any way shaken our confidence or unsteadied our nerves; but, Mr. President, as a result of the events of the last two years, we have gained a new and a broader viewpoint and a clearer vision and perception with respect to ourselves and our relations to the other nations of the world, and we see now clearly where we before saw only obscurely; and this clearer vision has brought within our horoscope dangers we had not before seen and of our pitiable unreadiness to meet and to combat those dangers.

The new dangers and responsibilities which have been thrust upon us by reason of our advent into the family of world powers and by reason of the events that are transpiring across the water, bringing about a general world disturbance, are not dangers which formerly menaced us. They are not dangers of the eighteenth or nineteenth century; they are largely dangers and responsibilities of the twentieth century. They are dangers which affect us territorially and commercially and industrially.

In the past we have safely relied upon our greatness in population, in wealth, and in natural resources as our sure bulwark against outside attack. We have felt in the past that we were so powerful and so rich that no nation dare attack us. We have relied upon this; but we have relied possibly more upon our geographical isolation as a sure protection against outside attack. We have felt that the vast stretch of waters that separates us from the great military and naval nations of the world was a sure protection to us against aggressions or attacks from any of those great powers.

We have now learned that our great prosperity, our great population, our great wealth, while, of course, they afford us some protection at the same time tend to invite attack, at the same time serve as a temptation and a lure to encourage aggression and attack from the outside; or if they do not invite attack they at least expose us to the constant danger of international complications and controversies, in themselves pregnant with all sorts of dangers.

We have learned that the seas which separate us by thousands of miles from Europe and Asia do not now, as formerly, afford security against aggression, invasion, or attack. We now see clearly that modern discoveries, inventions, and science have overcome the difficulties which made them in former times a safe barrier of protection. We now realize how close, from a military standpoint, we are to Europe, and that the broad expanse of water which separates us is no longer an obstruction, but a great highway furnishing a thousand tracks for the concentration and mobilization of armies and navies and of all the paraphernalia of war upon our coasts.

With the facilities afforded in these modern times for sea transportation, the 3,000 miles which separate us from Europe can be spanned almost as quickly as the 3,000 miles that separate the Atlantic seaboard from the other coast of this country. When we consider some of these great leviathans of the sea that are now being constructed, such as the *Bismarck*, now being built in Germany, with a capacity of 56,000 tons, with a carrying capacity greater than a thousand freight cars, with a speed equal to that of the ordinary freight train, and not far behind that of the ordinary passenger train, it is easy to realize that mobilization of armies and of supplies and of all the other implements and accessories of war can be accomplished almost as expeditiously on sea as on land.

Mr. President, a full realization of this situation and of these dangers has aroused the public mind in this country and crystallized public sentiment in favor of such a thoroughgoing preparedness as will safeguard us against the dangers of the present and the contingencies of the future.

Congress has liberally responded to the demand for military preparedness. Congress has liberally responded to the national demand for naval preparedness also. In the course of the debate upon that measure I was gratified to hear the Senator from Massachusetts [Mr. LODGE], the ranking minority member of the Committee on Naval Affairs, declare his satisfaction with the provision made for naval preparedness.

I assume he voiced the sentiment of the other side of the Chamber, and that we are agreed without reference to party, as the people are agreed outside of this Chamber, upon the proposition that we have done as much as the circumstances will permit and as much as the circumstances now seem to require toward providing ample protection against the dangers as we now see them, so far as it can be done through the Navy.

So much, President, so good; but to stop here would leave the program incomplete, and our vast scheme of military and naval preparedness would be ineffective. It is an axiom, I think, accepted in all countries where they have navies and military establishments that fighting ships, like armies, can not carry their supplies of food or munitions with them. The supplies must be brought to them, and without adequate facilities for this purpose they are helpless. The railroad connects the army with its base of supplies. Naval auxiliaries connect the navy with its base of supplies. A navy can no more carry its supplies of food or its supplies of ammunition or of fuel along with it than an army can carry like necessities along with it; and an auxiliary navy, a well-balanced auxiliary navy, an auxiliary navy capable of adequately supplying the navy in case of war as well as in case of peace, is just as necessary to the navy, if it is to be an effective war machine, as the railroad and the other land facilities of transportation are necessary to connect the army with its base of supplies. Without this connection the navy would be just as helpless in action as it would be if it had no guns or as it would be if it had no munitions to supply its guns.

The same thing is largely true in respect to the Army in certain conditions. The Army in certain conditions is utterly useless, utterly helpless to serve the purposes of the Nation, without adequate transport service.

We had a lesson in that matter during the Spanish-American War which makes it unnecessary to elaborate this proposition. It is only necessary to refer to that occasion. We had our military forces upon our coast ready and anxious to meet the enemy in Cuba, and yet our whole program had to halt, our soldiers had to remain idle in an insalubrious climate and with insanitary surroundings, until we could go out into the open market and draw from the meager supply of our merchant



marine such vessels as we could get at any price which selfishness saw fit to impose; but until we got them our Army could not move.

At present, Mr. President, we have practically no naval auxiliary fleet, certainly none worthy of the name; not enough to serve our purpose, even in time of peace, surely not enough to supply the requirements of our Navy or of our Army in time of war. We have only 53—I think I am accurate—so-called auxiliary naval vessels. Only 24 of those are of modern construction. The other 29 are old vessels, the average age of them all being 25 years, none of them built for the purpose for which they are now being used, none of them built with reference to their conversion into auxiliaries, and most of the modern vessels, as well as the old ones, largely unsuited for these purposes.

But, Mr. President, we are managing to get along, and probably could manage to get along, with this junk fleet in time of peace; but what about the requirement in this respect of our Navy as it exists in time of war?

I do not myself, of course, profess to know the facts with reference to this matter further than I get them from official sources. I have here the reply of Admiral Benson, written as Acting Secretary of the Navy, to the Secretary of the Treasury, Mr. McAdoo, in response to an inquiry made of the Secretary of the Navy in these words:

Considering our Navy as it is to-day, and having reference to its maximum usefulness and efficiency in time of war, what number of merchant vessels, and of what total tonnage, would be required?

To that letter Admiral Benson replied:

There would be required 400 merchant vessels for auxiliaries, with a total of 1,172,000 gross tonnage. In addition to the above, a number of small vessels would be required.

Here we have the statement of the Navy Department that in the present condition of the Navy—making no allowance whatever for its enlargement as proposed in the legislation of this session—that in time of war upon a basis of maximum efficiency it will require, in addition to the vessels we already have, 400 vessels, of a total of over 1,000,000 tonnage.

Now, in case of emergency, in case we are forced to defend our shores against foreign assault—for I assume we are not likely to engage in an aggressive war—in case of attack upon us or in any case where we find it necessary to employ our Navy in armed conflict with another power, we will have to have these vessels quickly. If we are to get efficient and suitable vessels there must be some prearrangement with reference to their construction. Otherwise we would not likely find in our merchant marine many vessels of the requisite speed and construction. But, Mr. President, assuming that we had such vessels in our merchant marine, how would we get them into our possession? Only in the way that we supplied our wants in this respect in the Spanish-American War—by going into the open market, buying what we could get, and paying such prices as were demanded.

Of course, Mr. President, our merchant marine is in a much better fix now to supply us with a better class of vessels than we got then. As a result of the liberal legislation of this Congress, exemplified in part in what is known as the ship-registry act, a considerable number of vessels have been brought under American registry. Most of those vessels, however, are vessels that were constructed for special uses, owned largely by the Standard Oil Co. as tankers, owned largely by the United Fruit Co. and adapted especially to that trade, owned by the steel companies and by the coal companies. Most of them were vessels of American ownership before the war but under foreign registry. That is not true of all of them, but most of them that have transferred to our flag under that act are of the character I have described.

Whether they are going to remain permanently under our flag or not is a very pertinent and relevant inquiry in connection with the matter I am now talking about. It is easy to see that it was to their interest, in the conditions which have existed in the last two years, to get from under the foreign flag and come under our flag. Whether they will stay under it after the war is very problematical. In fact, some of the witnesses who came before the Committee on Commerce said the probabilities were that they would not remain under the flag after the war. I do not know how that will be, but I hope they will, although I think very few of them are suitable for the purpose of naval auxiliaries.

Again, Mr. President, undoubtedly there is building now quite a number of ships of commerce in our shipyards. They will add somewhat to our merchant marine. I assume they will probably remain permanently in our merchant marine.

These two sources undoubtedly would give us a broader market from which to draw our naval auxiliary. But the conditions

upon which we would acquire them and the question of their suitability for the purpose would be the same in this case as in the case of our purchase of vessels during the Spanish-American War.

But, even with these additions and with other prospective additions, at best, for years to come the woeful inadequacy of our merchant marine should appeal to us against the adoption of a policy which would require us in case of war to draw from our commerce, either domestic or foreign, a million and a half or two million tons of shipping. We could not do it without great injury to our commerce.

These facts seem to me to appeal most powerfully in favor of this legislation—

Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER (Mr. CHILTON in the chair). Does the Senator from North Carolina yield to the Senator from Iowa?

Mr. SIMMONS. If the Senator will pardon me I would wish very much that the line of my thought may not be interrupted.

Mr. CUMMINS. The question I am about to ask will not interrupt the thought of the Senator.

Mr. SIMMONS. Very well.

Mr. CUMMINS. What will be the aggregate tonnage of the ships that can probably be secured under this bill? I ask purely for information.

Mr. SIMMONS. There are different estimates with respect to that. It would be impossible to answer the Senator with accuracy, but it has been estimated by the department at, I think, about 500,000 tons. There have been some estimates, I think, of 400,000 tons and some at 600,000. I think 500,000 to 600,000 tons about correct.

Mr. CUMMINS. It would not go very far then toward the complete preparedness of which the Senator is speaking.

Mr. SIMMONS. No; the amount appropriated by this bill would not supply all the auxiliaries we would need in case of a great war taxing the utmost strength of the Navy. But under the bill, if a vessel is constructed by the board and sold the money received could be used to build other vessels, and in this way the fleet can be constantly increased. It would be a good start. We must have a beginning to everything. In case of a great war with a great power or with a combination of powers—a war which we might conjure up in our minds as a bare and remote possibility—would need many more auxiliaries, but I am persuaded that, having in view the uses we are likely to have for our Navy in the near future, the provision made in this bill, while not altogether adequate, would reasonably supply the probable demand.

Mr. President, the question has been raised as to whether the primary object of this legislation is the construction of vessels for naval auxiliaries or of merchant vessels. I think that question is irrelevant and immaterial. We are constructing them for both purposes. One has no primacy over the other, either in the circumstances which suggest this legislation or the necessities of the situation. We need them both for naval and military purposes and for commercial purposes. We need them equally badly in each case, and when constructed they will be suitable and adapted to both purposes.

Now, Mr. President, I am through with that part of this subject. We have made pretty good progress in our preparedness program upon land. We have not only provided for bringing our Military Establishment up to a fairly high standard, but we have made a good beginning, looking to the organization and mobilization of our industries for purposes of defense in case of trouble and emergency. We have passed some important legislation with a view to making industries and the Government absolutely independent of other countries in time of war, notably the Government armor-plant and the nitrate-plant bills. We have made progress toward a condition of readiness upon the land for possible eventualities and contingencies.

But, Mr. President, when we come to the sea we have utterly neglected the commercial interests of the Government and of the people upon the sea. For 50 years, as we all know, we have been absolutely dependent—I use the word “absolutely” advisedly because it is descriptive of the actual condition that has existed—for 50 years we have been absolutely dependent upon foreign Governments, chiefly our competitors in foreign trade, for our deep-sea transportation. The greatest, the richest, the most prosperous Nation upon the earth, with the greatest foreign trade of any nation upon the earth, with a foreign trade this year of \$6,500,000,000—we are to-day, and we have been for 50 years, dependent for our over-sea transportation upon our foreign competitors, and have had to go to them to buy our transportation, not only to their markets, where they sell it to us upon fairly equal and fair terms, because they need what we have to sell to them, and want to sell to us what we are willing

to buy from them, but we have to go to them for transportation to the neutral markets—the open markets of the world, as well. That has been the case for 50 years. We have practically no transportation of our own worth speaking about to South America or to Central America, and practically none to the countries of the Orient. We must buy our transportation to those countries from the very men who compete with us in those markets. We must buy it as we have had to do and have done on terms of inequality, upon terms which have made successful competition on our part in those markets impossible.

That is the reason, Mr. President, that we have had such a small share of the trade of our neighbors to the south of us. Our competitors, Germany and France and Great Britain, from whom we buy transportation, supplied, as they are, with magnificent regular lines of steamers running on regular schedules, with preferential rates as compared with ours, having by the very process of discrimination, by the very fact of our dependence upon them for our transportation, practically closed those markets to us.

When the war closes, Mr. President, will we be in any better condition? Notwithstanding the scarcity of tonnage, by paying enormous rates, and by utilizing a part of our coastwise vessels we have been able to get our products into South and Central America, and by reason of the fact that our competitors were in a condition that they could not supply the wants of those people, and in a condition that they could not purchase what those people had to sell, we have of late enormously increased our trade with these countries. If you will take the statistics you will find that the best, the largest, and the most satisfactory increases in our trade, outside of what we call the war orders that have gone to Europe, have come from South and Central America, from the islands near us, and from the Orient.

If when the war closes we are without adequate facilities to handle our own commerce; if we are without a supply of ships, as we were at the beginning of the war, what is likely to happen to us? Why, it is clear that when the war closes, finding that while they were engaged in their war we had captured a large part of the trade which they had theretofore enjoyed with these people, is there any doubt in the mind of any man who takes forethought that in their zeal to recapture what they have lost they will tighten the adverse conditions upon which they will furnish us this transportation, and will just as effectually shut us out of those markets and take from us the trade that we have acquired under war conditions as if they should refuse to haul our products at all to those countries?

Mr. President, I do not wish to take up any more time of the Senate upon that branch of the question.

It is said that while we need ships in our foreign trade and while we needed them before the war and need them worse now, and shall probably need them still worse after the war, it is better to do without them than for the Government to go into the shipping business, even to the limited and contingent extent provided in this bill, for fear that private capital may be driven out of the business. It is also said that, although the Government under this bill is to operate none of the vessels it may either build or buy, provided it can sell or lease them upon condition that it may reclaim them when needed for military or naval purposes, the mere possibility, remote as it may be, of Government operation will be a menace of such dangerous import that it would be better to take the chances of having our foreign commerce handicapped, if not destroyed, by the selfishness of our competitors, to whom we should have to look in that case for transportation, than to risk Government ownership and operation.

Mr. President, these suggestions are strangely inconsistent with the attitude of those who now make them with reference to certain measures relating to this subject and upon which the Senate acted in 1914, so inconsistent with what I understood to be their attitude during the last session of Congress, when we had the shipping bill up, that I must feel that the opposition on the other side to the Government purchase and operation provisions of the pending bill is either captious or that it is political.

I recall that when the bill was before us last year opposition was made to the Government operation and purchase provisions of the bill. It was strenuously opposed by a group of Democrats over here, as well as by practically the whole membership of the other side of the Chamber, upon the ground that it would put the Government into the shipping business. I can not put my finger upon any declaration of Senators upon the other side; I have not examined those debates to refresh my memory; but I have a very distinct recollection that from some of the prominent Senators on the other side, who were antagonizing this legislation upon the grounds I have named, I had repeated expressions, some in the nature of assurances—because we were

trying to work out a bill that would be satisfactory to both sides—that if Government operation was limited to a reasonable period of time—five years being then named—and if a provision were inserted that would prohibit the purchase of interned vessels or vessels of belligents, because of the fear of international complications, or, as was described by the other side, the menace of war as a result of that policy, the opposition to that bill would practically subside. Now, we have in this bill done both of those things, to my mind in a very radical way, and a much more radical way than was proposed in the compromise suggestions at that time.

Mr. GALLINGER. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New Hampshire?

Mr. SIMMONS. I do.

Mr. GALLINGER. The Senator says he has not examined the debates of the last session of Congress on this subject.

Mr. SIMMONS. I mean to refresh my mind, of course.

Mr. GALLINGER. I wish the Senator would refresh his mind and produce any suggestion made by any Senator on this side of the Chamber that he would support the bill then pending even if it were so amended.

Mr. SIMMONS. I do not say that any open expression was made on the floor; I said I had conferences, and I received expressions and assurances to the effect I have stated.

Mr. GALLINGER. Of course I know nothing about the Senator's private conversations.

Mr. SIMMONS. I have not spoken of any particular Senator, and I shall not do so.

Mr. FLETCHER. Mr. President, will the Senator allow me to interrupt to suggest that the hearings on that bill at that time all indicated that the principal ground of objection to the bill was the feature which provided for operating the ships by the Government? I think that appears in the hearings. So it is not necessary to rely upon conversations, for it is of record.

Mr. GALLINGER. Of course the Republican Senators were not on the witness stand, and they can not be held responsible for what others may have said; but I want to say here and now to the Senator from North Carolina that the invasion of the coastwise shipping of the country, which is provided in this bill, is quite as serious a matter as Government ownership.

Mr. SIMMONS. Mr. President, I was about to say that we have met the objections of the group of Democrats on this side and what I consider the fundamental objections of the Senators on the other side, made at a time when we were trying to get a bill that would be satisfactory and would stop a filibuster and permit us to legislate. We have met those objections radically in this bill. We have practically made it impossible for the Government ever to operate any of these vessels, even during the three-year period, provided that private capital, in its great anxiety, as we are told, to get into the shipping business, will buy or lease ships from the Government, which they will be able to do as cheaply as they can get them built or purchase them in the open market, and probably cheaper.

We have absolutely eliminated all grounds of objection to the purchase clause. The power of purchase is so circumscribed that it does not amount to anything. So we have certainly met all the objections.

When we made those changes the group of Democratic Senators who had opposed the bill of the last session because of its Government-ownership feature, who had opposed it by reason of their staunch convictions and adherence to a policy which they thought was a wise policy, in contradistinction to a policy which they thought was not wise and which might lead to consequences which would be deprecated, having no political or captious objections, have promptly withdrawn their opposition and are now the staunch champions of this bill. Still the other side continues to oppose it.

I want to call the attention of Senators on the other side to a certain bill upon which they have voted and upon which some of them have spoken in recent years, by which they committed themselves irrevocably to the principle of Government operation, not of merchant vessels, but Government operation as merchant vessels of the vessels of the United States Navy converted into merchantmen for the specific purpose of commercial development. In that instance they based their action upon the great need, the imperative need, of our foreign commerce in the matter of deep-sea transportation caused by the neglect for 50 years of the Republican Party to make suitable provision for the rehabilitation of our merchant marine.

Mr. President, Senators will recall what is known as the Weeks resolution with respect to the use of our naval and army vessels—naval vessels, I think, chiefly—commerce carriers. That resolution was introduced April 1, 1914. It contained some very remarkable declarations, in the light of the



attitude of our friends on the other side toward this question at the present time. It starts out by recalling and reciting the conditions of our foreign trade with respect to transportation and its need of help from the Government:

Whereas it is desirable to develop and extend commercial relations between the United States and the countries of South America by the establishment of direct lines of communication for carrying the United States mail and for the transportation of passengers and freight; and Whereas private capital has not engaged in this service—

That is, in the service with South America—

to a sufficient extent to furnish facilities comparable to those enjoyed by the people of other countries having trade relations with South America.

The preamble of the resolution struck the root of the trouble with our trade in every neutral market of the world. Its author put his finger upon the difficulty in South America, and he sought to provide against it.

Declaring that it was desirable to develop a line of communication for mails and freight and passengers to South America, because our facilities for the accommodation of our trade with those countries were not comparable to those enjoyed by our competitors, the resolution concludes as follows:

*Resolved*, That the Secretary of the Navy be, and he is hereby, directed to cause to be prepared, in detail, a plan for the establishment of a line or lines of ships to run between ports of the United States and South America, such line or lines of ships to consist of vessels of the Navy not required for immediate military service, and which, in the opinion of the department, are best adapted for postal and commercial purposes, and that the information requested in this resolution shall include the following:

That resolution, introduced by the junior Senator from Massachusetts, passed this body without a division, and its recitals and its resolves constitute the whole case for which I am contending, so far as Government ownership and operation go.

Mr. STERLING. Mr. President, I did not hear the Senator from North Carolina say who was the author of that resolution.

Mr. SIMMONS. The junior Senator from Massachusetts [Mr. WEEKS].

That resolution passed the Senate without a division. The Secretary of the Navy made his report upon the resolution, and said he had some small vessels that might be used that he did not need for naval purposes. They could not carry many passengers and they could not carry much freight, but he had them. Now, when that report came in what did the Senator from Massachusetts do? The Senator at once proceeded to introduce a bill which authorized the Secretary of the Navy—

To establish one or more United States Navy mail lines, by employing such vessels of the Navy as in his discretion are available for the purpose of establishing and maintaining regular communication between the east or west coast, or both coasts, of the United States and either or both coasts of South America, and between the United States and the countries of Europe.

That bill was introduced subsequently to the resolution, and came up before the Senate for consideration and was passed by the Senate on the 3d day of August, 1914, after certain of the nations of Europe had engaged in hostilities, one day before the formal declaration of war.

Now, I want to read some things that the Senator from Massachusetts said about this bill and that resolution of his. In his speech on the floor of the Senate he said, among other things:

Mr. President, at the present time South American mails are sent at long and sometimes irregular intervals, and all American mails south of the Equator are carried in vessels sailing under a foreign flag.

He also said:

The service is very slow, and this, it may be easily assumed, militates against the development of our trade with South America.

We are in the position of having spent \$400,000,000 in the building of a canal, one of the reasons for doing so being that it would aid in the extension of our foreign trade; but, as far as I know, there are no American steamers prepared to undertake this service.

The Senator from New Hampshire [Mr. GALLINGER] added his mite. He characterized the bill as a makeshift. He wanted something better, but he said:

We are without a line from either the Gulf, the Pacific, or the Atlantic coast of the United States to South America.

This bill proposes to put in service a few inadequate ships, if we can spare them from other service; ships that will carry a handful of passengers and a little freight; slow ships, I take it, almost every one of them; and we are to be put in competition with the great countries of the world, with their magnificent steamships, by calling together this conglomeration of third-class or fourth-class ships for this service. I shall not oppose it.

Although it had in it the principle of Government ownership gone to seed in the most flagrant and offensive way possible to one who disapproves of that principle—Government ownership and Government operation, not through a corporation in which the Government is a mere stockholder, its traffic declared by law to be subject to all the regulations and laws that apply to privately owned vessels, but the operation of Government vessels

under the direction of the Secretary of the Navy—the Senator says, “I do not oppose it.” He does not say he is opposed to it, and you can not gather from his speech that there is any opposition because the vessels are to be operated by the Government; but his criticism is upon the ground that it is a makeshift, inadequate, and that the vessels to be used are small.

I am gratified to observe—

Says the Senator from New Hampshire, continuing his speech, speaking of his speeches made before—

that in those speeches, among other things, I called attention to two possible complications which might arise if we did not have an adequate merchant marine. One was that in the event of a great European war we would not have any ships to transport the products of our farms and our factories. Those are the words that I used. That is exactly the situation which confronts us at this very moment—

That was the 3d day of August, 1914—

The other suggestion I made was that in the event of a war between a great foreign nation and our nation we would have no adequate auxiliary ships to supplement our battleship fleet, and that is exactly the situation which exists to-day.

If we only had adequate steamship lines—

He says, at another place—

between the United States and South America, there would be a boom in American trade which would astonish not only our own people but the world.

We had then, Mr. President, only such transportation as we could buy from our competitors, just as we have now. What the Senator then said was true at that time, and it is true now. One of the objects of this bill, one of the purposes of this bill, is to do that very thing. We have reserved the right to the Government, in the sale or lease of these vessels, to fix the routes, to prescribe where they shall go, and I trust that if this bill passes and the Government acquires these ships it will see to it that they are used to establish a regular line between this country and North and South America. If that is done the vessels that will be supplied will very largely, if not entirely, supply the needs of our South American trade, and when this war closes we will be in a position to protect and defend our trade with those countries against any comer and any competitor.

I had intended to discuss the various ventures of the Government in recent years in the field of business enterprise, and in every instance with success. One of the measures to which I refer is the Federal reserve act, which was characterized at the time by great Senators on the other side of the Chamber who led in the fight against that great measure as socialistic because it proposed to put the Government to a limited extent into the business of banking. Just as the great shipping associations, whose interests it is claimed will be adversely affected by the Government entering into the shipping business, even in a limited and a collateral way as proposed in the pending measure, have denounced it as socialistic, so the great American Bankers' Association, which met in Boston just before the Federal reserve bill was passed, denounced it as socialistic and as a menace to the private banking business of the country; just as the Postal Savings Bank System was denounced by the savings banks of this country as a menace to private interests and the action of the Government in entering into that field characterized as socialism; just as, when we went into the business of the parcel post, the emissaries and supporters of the express monopoly characterized it as the governmental entrance into the transportation business and as being socialistic and as calculated and intended to destroy private capital and business.

But I do not wish—

Mr. SHAFROTH. While the Senator is on that point, I wish to read the prediction which was made by the Senator from New York, Mr. Root, at the time that the Federal reserve act was being considered.

Mr. SIMMONS. Very well.

Mr. SHAFROTH. In carrying out the line of thought the Senator has suggested I wish to call attention to the predictions made by Senator Root with respect to that bill. He said:

There is another thing you must remember. Europe is an armed camp. For many, many years peace has been kept by the most delicate adjustments and by the most strenuous exertions of many men in many countries, who have been alert and solicitous to stop controversy as near its origin as possible and to prevent the frightful effect of general war; but war is always possible. The fear of it is always present. If a war comes, immediately our securities come back to us. Immediately, in every country where they are held, the desire to strengthen up, to increase the amount of gold, will operate to lead to a general conversion of the American securities they hold into immediately available gold.

It is not necessary that we should wait for a war actually to take place. The fear of it leads to the result. The fear of the Balkan war, far off on the edge of civilized Europe, as it was, because of the apprehensions of possible implication of the great commercial nations in a war consequent upon the Balkan war, sent hundreds of millions of securities back to this country, which had to be bought.

So, sir, if we enter upon this career of inflation we shall do it in the face of clearly discernible danger—danger which, if realized, will result in dreadful catastrophe.

Ab. Mr. President, we are turning our faces away from the fundamental principle upon which we have come to our high estate. We are turning them weakly toward practices which history shows have invariably led to decadence, to degradation, and the downfall of nations. We are setting our steps now in the pathway which through the protection of a paternal government brought the mighty power of Rome to its fall.

Further than that he said:

I say that this bill presents the financial heresy twice repudiated by the people of the United States. I say that the central reserve board appointed under this bill will have to represent that very heresy. If this bill passes as it stands, America stands to lose all we saved when Grant vetoed the inflation bill, all we saved when Grover Cleveland abolished the silver purchase, all we saved when we elected McKinley, all the Republicans, all the gold Democrats saved when they helped in the repudiation of the vital principle which has been put into this bill.

I wish to say that the whole speech of Senator Root made at that time was a declaration that the act was simply socialistic and that the disaster would be great upon the American people if the Federal reserve act were passed.

Mr. SIMMONS. I thank the Senator for injecting that extract into my speech.

Mr. NELSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. SIMMONS. Yes.

Mr. NELSON. It seems rather strange to inject into this discussion matter relating to the Federal reserve act. If the time were opportune, I could show to the Senator from Colorado that it was not the reserve act, as the Senator intimates, that stopped the flooding of this country with bonds from the foreign markets in the panic of 1914. The stock exchange in New York was closed, and that stopped the flood, and it was the Aldrich-Vreeland currency plan that furnished the relief to the country, and the reserve act had nothing to do with it.

Mr. SHAFROTH. Mr. President—

Mr. NELSON. But I am not going into it now. The Senator has seen fit to inject that into the shipping bill, and I thought I would make this brief reply to it.

Mr. SHAFROTH. I want to say to the Senator—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Colorado?

Mr. SHAFROTH. For just a second. The Aldrich-Vreeland Act could not have been and was not operative during the panic or the stringency of 1914. It had to be amended by this very Federal reserve act before any person could take out any of the currency provided for issuance under that act, and it had to be amended since that time in order that it might become available.

Mr. SMOOT. Mr. President—

Mr. SIMMONS. It is apparent that we are getting away from the question altogether as a result of these interruptions. I did not refer to the Federal reserve act for the purpose of getting into a discussion as to its merits, but simply for the purpose of calling attention to the kind of opposition and the character of arguments made against it, to wit, that it was socialistic, just as is claimed with reference to the measure under discussion.

Mr. SMOOT. Will the Senator yield?

Mr. SIMMONS. I do not desire to go into that.

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Utah?

Mr. SIMMONS. If the Senator wants to ask me a question about anything pertinent to the line of argument I am pursuing, I have no objection; but if he wants to get into a discussion with the Senator from Colorado over the merits of the Aldrich-Vreeland and Federal reserve acts I must decline to yield.

Mr. SMOOT. I do not want to ask—

The PRESIDING OFFICER. Does the Senator from North Carolina yield or does he not yield?

Mr. SMOOT. I will state to the Senator that I do not want to ask the Senator from North Carolina a question, but I did want to place a statement in the Record in order that the facts in the case may be known, if the Record is ever read.

The PRESIDING OFFICER. The Chair understands that under those conditions the Senator from North Carolina declines to yield.

Mr. SIMMONS. I do not yield for that purpose. I will yield for any purpose that is pertinent to the line of discussion I am pursuing with reference to the bill. I have not gone into the merits of the Federal reserve act at all.

Mr. President, there is just one other matter to which I wish to call attention. We are told that if the Government will just stay out of this business, private capital will take care of it; that it is the menace of such legislation as this that keeps private

capital from taking care of it, but they are ready now to come in and take care of it, and will do it if the Government will just hold its hands off and refrain from going into the business.

Mr. President, as I said a little while ago, for 50 years private capital has had ample opportunity to do what it says it will do if let alone. But it did not do it for 50 years before the European war. They now say, "We are getting ready to take care of it"; and as an evidence of that purpose they cite the fact that 600,000 tons of shipping have been brought under the American flag under the provisions of the ship-registry act passed during this administration.

Yes, Mr. President, it is true that about that amount of tonnage has been transferred to American registry. As I said before, it represents largely the vessels of special interests. The Standard Oil Co. have their own vessels to carry their own products. They have been able under conditions existing heretofore to maintain their own upon the seas, to carry their own products more economically than to hire foreign vessels to carry them. So have the United Fruit Co., and so have the United States Steel Co. They have their own vessels, and they have succeeded pretty well notwithstanding the handicapping conditions that we hear so much about, growing out of the difference between the cost of the construction and operating of American as compared with foreign ships. They have found it to their advantage to own and operate their own ships to carry their own goods instead of hiring somebody else to carry them.

Since the war we have built quite a number of ships in our navy yards, and a number have been taken out of the coastwise trade and put into the foreign trade, and others now building will soon be ready to enter the business; but, Mr. President, these vessels are at present engaged or will when finished, if present conditions continue, engage in our foreign trade—but the important question is, Will they stay in when conditions become normal at the close of the war?

Mr. Marvin and others testified on this point in the Senate hearings. I mention particularly Mr. Marvin because he appeared before the committee as representative of the special committee on the merchant marine of the Boston Chamber of Commerce. He has been connected with the shipping business for many years in important official positions. He has for years given special study to the subject and business of shipping. Mr. Marvin was asked the question, if in his opinion the ships that have been transferred to United States registry since the war would continue under our flag after the war, answered that they would probably go back to foreign registry.

When asked what in his opinion would the ships that have been taken out of our coastwise trade and put into the foreign trade do when the war closed, and asked if in his opinion those which have been built and entered in the trade since the war would after the war go into the coastwise or remain in the foreign trade, the answer came that when the war closes the ships that have been taken out of the coastwise trade would probably go back to the coastwise trade; that the vessels that are being built now suitable and designed for the coastwise trade and temporarily put into the foreign trade would probably go into the coastwise trade; that the vessels that have been transferred from foreign to American registry would probably go back to the foreign registry unless, Mr. President, unless Congress shall provide a subsidy or otherwise suitably provide for the difference in the cost of operation under the American flag and under a foreign flag.

So the assistance we are now getting in our foreign trade is temporary; it is expected to be temporary. It is conditioned when the war closes upon Congress granting a subsidy and guaranteeing a profit. I do not know what Congress will do about that. I know if the Democratic Party is in power it will not do it. I do not know what the Republican Party would do about it. I know what they failed to do when they were in power. They talked a great deal and did nothing that resulted in much good.

Now, Mr. President, it had been my intention to enter into a discussion of the regulatory provisions of this bill somewhat at length, but I have taken so much more time than I had expected to take in the discussion of the other parts of the measure, that I think I will leave that, in the main, for future discussion.

In brief I might say, however, by way of explanation, that the regulatory powers of the bill are somewhat analogous to those that are now vested in the Interstate Commerce Commission with reference to railroads. Of course, they are not altogether alike; that would be impossible. A system based altogether upon the interstate-commerce act plan would be unsuited in some respects and would operate very disadvantageously. So while the general plan is adopted it is modified in many material respects.



There is regulation by the Government of our foreign shipping, not only ours but that of foreign nations entering our ports, trading in our ports, and plying to and from our ports, and the bill also provides for the regulation of domestic shipping upon the high seas and the Great Lakes.

Our inland waterways were included in the regulatory provisions of the bill as it came from the House, but we have taken it out because of protests which seemed to us to have merit. I will not enter upon a discussion of that now. Outside of the protests that came to us with reference to the regulation of shipping on our inland waters there seemed to be with some slight exceptions a pretty general assent to the principle of regulation as applied in the bill. There seemed to be a feeling that there was as much need in the conditions which obtain in our foreign water transportation and our coastwise transportation and our lake transportation, for Government regulation now of water carriers as of rail carriers, and that under the limitations of the bill nothing but good could come from it.

At least, Mr. President, if we are to continue to have monopoly, if competition is to continue to be suppressed by agreements and understandings, those agreements should be in the open and be subject to the approval or disapproval of a shipping board.

Mr. President, if there is one thing that is near to my heart it is to secure the future. Facing the future as we do, the greatest of all industrial and commercial nations, with the largest stake upon our foreign trade of any nation in the world, confronted by a situation of absolute dependence upon our competitors for transportation after it reaches the seaboard, feeling as I do that not only in the past but probably to a more pronounced extent in the near future the maintenance, not to say the expansion, of our foreign trade will depend upon our ability to take care of it, feeling as I do that the future of our industries, whether of the field or of the forest or of the mine or of the factory, largely depends upon our foreign trade, believing that if there is a contraction in that trade through any instrumentality whatsoever it must necessarily result in a contraction of our industrial activities in the face of the fact that if our factories as now established were to run at full time six months in the year they could and would supply our domestic demand, I can not escape the conclusion that it is of paramount importance that we should safeguard our foreign commerce by protecting it against the menace and handicap of having to depend upon and buy its transportation to foreign markets from our competitors in those markets. Facing that situation, Mr. President, I feel deeply the importance of doing something for our merchant marine. I see nothing in the future from private capital—nothing whatever—unless the Government reverses all its policies and shall decide to become a guarantor of profits—unless it shall decide to depart from the precedents of the past and say to the people who are now building ships, who are now telling us what they will do after the war closes, for the restoration of our merchant marine: "Go ahead, build your ships, operate them under our flag, keep an account of the difference in cost of operation under the American flag and under a foreign flag, and when the year ends you shall be paid the difference out of the pockets of the people."

Mr. NELSON obtained the floor.

Mr. THOMAS. Will the Senator yield just a moment?

Mr. NELSON. I yield.

Mr. THOMAS. I desire to offer an amendment to the pending bill, which I will ask the Secretary to read.

The PRESIDING OFFICER. The Secretary will read as requested.

The SECRETARY. Add a new section to be known as section 36, and to read as follows:

The Secretary of the Treasury is authorized to refuse a clearance to any vessel or other vehicle laden with merchandise, destined for a foreign or domestic port whenever he shall have satisfactory reason to believe that the master, owner, or other officer of such vessel or other vehicle refuses or declines to accept or receive freight or cargo tendered for such port of destination or for some intermediate port of call, together with the proper freight or transportation charges therefor by any citizen of the United States, unless the same is so declined or refused because such vessel or other vehicle is fully laden and has no space accommodations for the freight or cargo so tendered, due regard being had for the proper loading of such vessel or vehicle.

Mr. GALLINGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Brady	Culberson	Hardwick	Kenyon
Brandegge	Cummins	Hitchcock	Kern
Bryan	Curtis	Hughes	La Follette
Chilton	Fletcher	Husting	Lane
Clapp	Gallinger	Johnson, S. Dak.	Lee, Md.
Clarke, Ark.	Harding	Jones	Lewis

Martin, Va.	Pittman	Smith, Ariz.	Thompson
Nelson	Ransdell	Smith, S. C.	Tillman
Norris	Reed	Smoot	Townsend
Oliver	Robinson	Sterling	Underwood
Overman	Shafroth	Swanson	Wadsworth
Penrose	Sheppard	Taggart	Weeks
Phelan	Simmons	Thomas	

Mr. TOWNSEND. I announce the absence of my colleague [Mr. SMITH of Michigan]. He is paired with the junior Senator from Missouri [Mr. REED]. This announcement may stand for the day.

Mr. LEWIS. I desire to announce the absence of the Senator from Mississippi [Mr. VARDAMAN] and of the Senator from Oregon [Mr. CHAMBERLAIN], who have been called from the Chamber on official business.

Mr. WEEKS. I announce the unavoidable absence of my colleague [Mr. LODGE]. He has a general pair with the senior Senator from Georgia [Mr. SMITH]. I should like to have this statement stand for the day.

The PRESIDING OFFICER. Fifty-one Senators have answered to their names. A quorum is present. The Senator from Minnesota.

Mr. NELSON. Mr. President, it is my purpose in discussing this bill to call attention, first, to the present condition of our maritime laws as applied to our shipping; in the next place, to call attention to the present status of our shipping, both in foreign and domestic commerce; and, in the next place, I shall aim, in stating the law and the facts, to keep as near terra firma as possible. I shall call attention to the abortive features of the bill and to those features of it which are utterly dangerous and destructive.

The shipping of the United States may be divided into two classes, namely, registered ships and licensed and enrolled ships, the former engaged in the foreign trade, the latter in the coastwise trade.

Under the act of December 31, 1792 (1 Stat., 287, now sec. 4131 of the Revised Statutes), all ships under our flag engaged in foreign trade must be registered and must be owned and commanded by citizens of the United States.

Under the act of December 31, 1792 (1 Stat., 288, now sec. 4132 of the Revised Statutes), only vessels built in the United States, or vessels captured in war or condemned in a prize court or forfeited for some breach of law, can be registered.

Vessels in our coastwise trade must be American built and must be licensed and enrolled. While foreign ships can engage in our foreign trade, no foreign ships can engage in our coastwise trade.

Mr. HUGHES. Mr. President:—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New Jersey?

Mr. NELSON. I do.

Mr. HUGHES. The Senator from Minnesota, I presume, means by "foreign ships" American ships with foreign registry?

Mr. NELSON. I mean any ships with foreign registry.

#### LAW AS TO REGISTERED VESSELS CHANGED.

This law requiring all registered vessels to be American built remained in force until the Panama act of August 24, 1912 (37 Stat., 562), was enacted, the material part of which is as follows:

And seagoing vessels, whether steam or sail, which have been certified by the Steamboat-Inspection Service as safe to carry dry and perishable cargo, not more than 5 years old at the time they apply for registry, wherever built, which are to engage only in trade with foreign countries or with the Philippine Islands and the islands of Guam and Tutuila, being wholly owned by citizens of the United States or corporations organized and chartered under the laws of the United States or of any State thereof, the president and managing directors of which shall be citizens of the United States or corporations organized and chartered under the laws of the United States or of any State thereof, the president and managing directors of which shall be citizens of the United States, and no others, may be registered as directed in this title.

I call the attention of Senators to the fact that this act was passed in 1912 during the last year of President Taft's administration.

While American shipping had a complete monopoly of the coastwise trade, and while American shipyards had a monopoly of both enrolled and registered ships, yet, as to the latter, it had for many years been of little or no economic value to the shipbuilders, for very few ships were registered in the foreign trade.

I here quote from a valuable compilation issued under the auspices of the National Foreign Trade Council, entitled "Ocean Shipping," page 62:

The foreign-built ships representing American capital but under foreign ownership of record for some years past have been nearly equal in tonnage to the ships registered under the American flag for foreign trade, and in carrying power have been even greater. For many years all these facts have been quite familiar to those who have given the

subject attention. All efforts to repeal the law, which was economically a dead letter, received little attention until the Panama Canal act of August 24, 1912. Section 5 of that act provided for the admission to American registry for foreign trade and trade with the Philippines, Guam, and Tutuila, of foreign-built vessels, steam or sail, certified by the Steamboat-Inspection Service as safe to carry dry and perishable cargoes, not more than 5 years old at the time of registration.

In this connection I call attention to the following table from the Statistical Abstract of 1915, page 308, showing the tonnage of the sailing and steam vessels of the merchant marine of the United States employed in the foreign and coastwise trade and in the fisheries, 1889 to 1915:

Source: Reports of the Commissioner of Navigation. The term "gross ton" expresses in units of 100 cubic feet the entire cubical capacity of the vessel, including space occupied by the crew, engines, boilers, and coal bunkers.]

Year ended June 30—	Employed in the—								Total.	Annual increase (+) or decrease (—).
	Foreign trade.		Coastwise trade.		Whale fisheries.		Cod and mackerel fisheries.			
	Steam.	Total.	Steam.	Total.	Steam.	Total.	Steam.	Total.		
	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Gr. tons.	Per cent.
1889	190,196	999,619	1,571,079	3,211,416	4,275	21,976	74,464	4,307,475	.....	+2.75
1890	192,705	928,062	1,661,458	3,409,435	4,925	18,633	68,367	4,424,497	.....	+2.71
1891	235,070	988,719	1,776,269	3,609,876	4,925	17,231	68,933	4,684,759	.....	+5.83
1892	226,437	977,624	1,845,518	3,700,773	3,462	17,052	69,472	4,764,921	.....	+1.71
1893	257,147	883,199	1,922,109	3,854,693	3,966	16,604	70,575	4,825,071	.....	+1.26
1894	261,755	899,098	1,923,339	3,696,276	4,336	16,482	71,573	4,684,029	.....	-2.90
1895	247,387	822,347	1,960,756	3,728,714	4,658	15,839	69,060	4,635,960	.....	-1.03
1896	260,224	829,833	2,042,326	3,790,296	4,658	15,121	68,630	4,703,880	.....	+1.47
1897	263,816	792,870	2,100,084	3,896,826	4,658	12,714	66,610	4,769,020	.....	+1.33
1898	290,211	726,213	2,077,859	3,959,702	3,823	11,496	52,327	4,749,738	.....	- .40
1899	355,913	837,229	2,115,981	3,965,313	4,117	11,017	50,679	4,864,238	.....	+2.41
1900	337,356	816,795	2,289,825	4,286,516	3,986	9,899	51,629	5,164,839	.....	+6.13
1901	426,259	879,595	2,491,231	4,582,645	3,463	9,534	52,444	5,524,218	.....	+6.96
1902	455,017	873,235	2,718,049	4,858,714	3,808	9,320	56,633	5,797,902	.....	+4.95
1903	523,602	879,264	2,880,678	5,141,037	3,808	9,512	57,532	6,087,340	.....	+4.99
1904	549,938	888,628	3,041,262	5,335,164	4,218	10,140	57,603	6,291,535	.....	+3.35
1905	596,644	943,750	3,140,314	5,441,688	4,536	10,763	60,342	6,456,543	.....	+2.62
1906	586,749	928,466	3,394,002	5,674,044	4,536	11,020	61,439	6,674,969	.....	+3.38
1907	598,155	861,466	3,664,210	6,010,601	3,970	9,680	57,047	6,938,794	.....	+3.95
1908	596,147	930,413	4,099,045	6,371,862	3,690	9,655	53,515	7,365,145	.....	+6.15
1909	575,226	878,523	4,157,557	6,451,042	3,300	8,982	50,208	7,388,755	.....	+ .32
1910	553,468	782,517	4,330,896	6,668,966	3,509	9,308	47,291	7,608,082	.....	+1.61
1911	582,186	863,495	4,505,567	6,720,313	3,544	9,176	45,806	7,638,790	.....	+1.74
1912	616,053	923,225	4,543,276	6,737,046	3,653	8,876	45,036	7,714,183	.....	+ .99
1913	667,896	1,019,165	4,646,741	6,817,013	3,252	8,611	41,762	7,886,551	.....	+2.23
1914	720,609	1,066,288	4,688,240	6,818,363	4,265	9,864	48,260	7,928,688	.....	+2.23
1915	1,346,164	1,862,714	4,578,567	6,486,384	3,682	8,829	15,397	8,389,429	.....	+5.49

#### BURDENS OF OUR SHIPPING.

American shipping in foreign commerce had labored for years under two heavy burdens—the high cost of ships and the high cost of their operation. The Panama act of August 24, 1912, with its subsequent amendment of August 18, 1914 (38 Stat., 698), removed for the first time one of these burdens, the high cost of the ships, and put our foreign shipping in that respect on a par with the shipping of all other countries. This amendment is as follows:

That the words "not more than five years old at the time they apply for registry," in section 5 of the act entitled "An act to provide for the opening, maintenance, protection, and operation of the Panama Canal and the sanitation and government of the Canal Zone," are hereby repealed.

SEC. 2. That the President of the United States is hereby authorized, whenever in his discretion the needs of foreign commerce may require, to suspend by order, so far and for such length of time as he may deem desirable, the provisions of law prescribing that all the watch officers of vessels of the United States registered for foreign trade shall be citizens of the United States. Under like conditions, in like manner, and to like extent the President of the United States is also hereby authorized to suspend the provisions of the law requiring survey, inspection, and measurement by officers of the United States of foreign-built vessels admitted to American registry under this act.

#### FIRST SUBSTANTIAL RELIEF.

These laws, aside from the mail pay acts, were the first substantial relief that was conferred on American shipping; and it was of very little loss to our shipyards, for so very few of their ships had for years been registered in our foreign trade. The yards still had all our coastwise trade and most of our naval construction. The relief given by these acts was broader and more comprehensive than the mail pay acts, for those were confined to a limited number of lines and routes, while the Panama act conferred its benefits upon the ocean tramps as well as upon the ocean liners; in fact, upon all of our foreign shipping.

#### THE STATUS AND GROWTH OF OUR SHIPPING.

I will now, Mr. President, call the attention of the Senate to the condition of our foreign shipping shortly before the Panama Canal act was passed.

On June 30, 1912, the status of our shipping, sail and steam, was as follows:

	Gross tons.
Foreign tonnage	923,225
Coastwise	6,737,046

As I have already said to the Senator from New Jersey [Mr. HUGHES], when I speak of "foreign tonnage," I mean tonnage carried in our ships in the foreign trade.

On March 31, 1916, according to the report of the Commissioner of Navigation, the status of our shipping was as follows:  
*American merchant shipping, Mar. 31, 1916.*

	Registered.		Enrolled and licensed.		Total.	
	Number of vessels.	Gross tons.	Number of vessels.	Gross tons.	Number of vessels.	Gross tons.
Sail	597	409,175	4,952	923,728	5,549	1,332,903
Steam	619	1,531,449	6,255	4,341,346	6,874	5,872,795
Gas	627	20,421	8,541	146,210	9,168	166,631
Canal			560	61,994	560	61,994
Barges	1,136	133,120	3,285	889,871	4,421	1,022,991
Total	2,979	2,094,165	23,593	6,363,149	26,572	8,457,314

"Registered vessels," as I have heretofore explained, embrace vessels that can engage in foreign commerce.

The figures I have quoted indicate an increase in our foreign tonnage since June 30, 1912, of 1,170,940 gross tons. But it also appears that there had been, in the meantime, a decrease in our coastwise tonnage of 373,897 gross tons. Nearly half of this consists of abandoned sail ships and, of the residue, about 200,000 gross tons have gone into the foreign trade, so that the net increase in our foreign tonnage is somewhere about 970,940 gross tons since the passage of the Panama act of August 24, 1912, or, to be more exact, since June 30, 1912.

#### PROSPECTIVE INCREASE IN FOREIGN TONNAGE.

There is going to be a large increase in our foreign tonnage if it is not hampered by adverse and hostile legislation, such as is proposed in this bill.

According to the Daily Commerce Report of July 17, 1916, page 197, on the 1st of July, 1916, there were building, or under contract for building, in American shipyards, to be completed in 1917 and 1918, 385 ships of a tonnage of 1,225,784 tons. I quote from this report as follows:

#### PROGRESS OF AMERICAN SHIPBUILDING.

Steel merchant vessels building or under contract to be built in private American shipyards at the beginning of the new fiscal year, July 1, 1916, according to builders' returns to the Bureau of Navigation, Department of Commerce, numbered 385 of 1,225,784 gross tons.

The following table shows first the distribution of steel merchant shipbuilding among the private shipyards of the United States and, separately, the number and gross tonnage of the ships building or under contract which the builders expect to launch during the current fiscal year, ending June 30, 1917, and those which will not be launched before the fiscal year ending June 30, 1918. These launches are sub-



ject to the usual allowances for delays due to the several causes which affect steel industries. The urgency of the naval construction program may also prove a factor in the situation. Barring delays builders expect to launch 327 steel ships of 927,893 gross tons during the current fiscal year and 58 ships of 297,891 gross tons during the following fiscal year.

Mr. President, I ask that the table giving in detail the yards and the ships built and to be built in the fiscal years 1917 and 1918 be incorporated in my remarks, without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

Shipyards.	Merchant construction, July 1, 1916		To be launched during fiscal year ending—			
			June 30, 1917.		June 30, 1918.	
	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.
American Bridge Co., Ambridge, Pa., and Trenton, N. J.	105	49,394	105	49,394	.....	.....
American Shipbuilding Co., Cleveland, Ohio	23	82,200	18	56,800	5	25,400
Baltimore Dry Docks & Shipbuilding Co., Baltimore, Md.	7	24,500	7	24,500	.....	.....
Bath Iron Works, Bath, Me.	3	21,600	3	21,600	.....	.....
Charles Barnes Co., Cincinnati, Ohio	2	375	2	375	.....	.....
Chester Shipbuilding Co., Chester, Pa.	11	53,600	11	53,600	.....	.....
Clinton Shipbuilding & Repair Co., Philadelphia, Pa.	1	560	1	560	.....	.....
Cowles Shipyards Co., Buffalo, N. Y.	2	56	2	56	.....	.....
Ellicott Machine Corporation, Baltimore, Md.	2	500	2	500	.....	.....
Fore River Shipbuilding Corporation, Quincy, Mass.	12	176,400	9	54,944	3	21,456
George Lawley & Sons Corporation, Neponset, Mass.	1	75	1	75	.....	.....
Great Lakes Engineering Works, Detroit, Mich.	15	58,940	11	43,830	4	15,110
Great Lakes Towing Co., Cleveland, Ohio	4	360	4	360	.....	.....
Harlan & Hollingsworth Corporation, Wilmington, Del.	15	63,959	9	40,144	6	23,815
Howard Shipyards Co., Jeffersonville, Ind.	6	3,400	6	3,400	.....	.....
James Rees & Sons Co., Pittsburgh, Pa.	1	300	1	300	.....	.....
Manitowoc Shipbuilding & Dry Dock Co., Manitowoc, Wis.	8	10,700	6	6,200	2	4,500
Maryland Steel Co., Sparrow Point, Md.	10	58,705	8	47,546	2	11,159
Merrill-Stevens Co., Jacksonville, Fla.	4	2,500	4	2,500	.....	.....
Moore & Scott Iron Works, Oakland, Cal.	5	18,000	2	10,000	3	8,000
Newport News Shipbuilding & Dry Dock Co., Newport News, Va.	16	111,947	10	66,699	6	45,248
New York Shipbuilding Co., Camden, N. J.	24	121,538	18	79,835	6	41,703
Pusey & Jones Co., Wilmington, Del.	16	12,906	10	3,306	6	9,600
Seattle Construction & Dry Dock Co., Seattle, Wash.	7	42,600	5	30,300	2	12,300
Skinner & Eddy Corporation, Seattle, Wash.	6	35,720	6	35,720	.....	.....
Spedden Shipbuilding Co., Baltimore, Md.	3	730	3	730	.....	.....
Standard Shipbuilding Corporation, New York, N. Y.	6	28,800	4	19,200	2	9,600
Staten Island Shipbuilding Co., Port Richmond, N. Y.	5	5,241	5	5,241	.....	.....
Tampa Foundry & Machine Co., Tampa, Fla.	1	2,000	1	2,000	.....	.....
Tank-Ship Building Corporation, Newburgh, N. Y.	3	1,500	3	1,500	.....	.....
Texas Steamship Co., Bath, Me.	4	26,000	2	12,600	2	13,400
Toledo Shipbuilding Co., Toledo, Ohio	9	22,620	6	17,220	3	5,400
Union Iron Works Co., San Francisco, Cal.	31	201,158	25	149,958	6	51,200
Willamette Iron & Steel Works & Northwest Steel Co., Portland, Oreg.	5	28,500	5	28,500	.....	.....
Wm. Cramp & Sons Ship & Engine Building Co., Philadelphia, Pa.	12	78,400	12	78,400	.....	.....
Total	385	2,125,784	327	2,027,893	58	297,891

<sup>1</sup> Detailed statement of new contracts not received.

<sup>2</sup> Incomplete.

Mr. NELSON. Mr. President, American shipyards have never been so busy since steel ships came into vogue as now. Probably one-third of this new tonnage, or about 400,000 gross tons, will go into our foreign trade, so that by the end of two years, without regard to any possible increase by purchase, we can

count upon 2,500,000 gross tons in foreign trade, and this will be an increase of 1,574,775 gross tons since the Panama act was passed, which surely is not a bad showing of the advantages of that and its amendatory act. This will be our situation if not hampered by the hostile legislation of this bill.

NO IMMEDIATE INCREASE IN OUR SHIPPING POSSIBLE UNDER THIS BILL.

I shall now point out that it is utterly impossible to secure any immediate relief under the provisions of the pending bill by procuring additional ships. It will be impossible to get any immediate relief or any relief in the near future in the shape of increased shipping under this bill for the following reasons:

(1) No ships can be obtained from our own shipyards within the next two years, for it will take them all of that time or more to fill existing contracts; nor can any relief be obtained from foreign shipyards, at least while the war lasts, nor for a long time afterwards, for they will be busy making up the losses of their own countries.

(2) Under the provisions of this bill as amended by the Senate committee ships of belligerents can not be acquired, so that the only possible sources, outside of our own shipyards, will be to acquire ships from neutrals; and all their ships are as busy as they can be in carrying freight and passengers at high and exorbitant rates. None of these ships are for sale, and if for sale it would be at such exorbitant prices that under no circumstances would we be warranted in buying them. Their shipyards, like our own, are overcrowded. The neutrals themselves have been raking the shipping world over to buy more ships, and have in some instances been paying from \$100 to \$160 per registered ton, while the normal prices before the war were from \$30 to \$50 per ton for fair cargo boats. I quote from a letter to me from the Commissioner of Navigation, dated July 20, 1916:

The remarkable rise in the price of ships is shown graphically by the diagram I have copied for you from London Fairplay of December 23, 1915, a recognized shipping authority the world over. Fairplay has carried this diagram for a number of years, brought up to date, of course, at the end of each year. The prices are for an average cargo steamer of 7,500 tons dead-weight, equivalent to about 4,500 gross tons, 3,000 net tons. You will notice that the price in July, 1914, was £43,000, say, \$215,000, as compared with £125,000 for December, 1915, say, \$625,000. I inclose also a statement of the sales of representative cargo steamers in June and July, 1914, just before the European war, taken from the same authority, and some sales taken from the issue of Fairplay for June 29, 1916, just received. Mr. Hughes, the premier of Australia, last month carried through a remarkable shipping deal. Australia has a large amount of wheat which the Government wishes to forward for the use of the allied armies in France and England. Mr. Hughes employed private ship brokers, who did not disclose the interest of the Government in the transaction, to negotiate the purchase of ships. Fifteen were bought. Ten of these, aggregating 44,000 gross tons (75,000 tons dead-weight), were bought for £1,450,000, say, \$7,250,000. The price, you see, works out at the rate of about \$160 per gross ton, or nearly \$100 per ton dead-weight.

If the whole \$50,000,000 proposed to be appropriated by the pending bill were invested in ships at this rate of \$160 per gross ton, we would only be able to secure an additional tonnage of 300,000. To buy ships at such ruinous prices, even if they could be obtained, would be a great waste of capital, with no possible adequate return in any direction.

The following nations are belligerents from whom purchase is prohibited, viz, Germany, Austria, Turkey, Greece, Italy, Portugal, France, Belgium, England, Russia, and Japan. The war has entirely eliminated all Austrian and all German tonnage, except in the Baltic, from the channels of trade, and over one-third of the English and French tonnage has been eliminated for war purposes. Out of a total world's tonnage of 49,000,000 tons, upward of 20 per cent has been eliminated from the channels of private commerce as a result of the war; but the apparent scarcity of tonnage is not as great as these figures would indicate, for trade with Germany is interdicted and is in a state of blockade, except some local traffic in the Baltic, and, as a consequence, the shipping that would be required for this trade is released. It must further be noted that England, Japan, France, and most of the other belligerent nations that have any shipping of consequence have by law prohibited the sale of ships to anyone except their own citizens. I quote the following from a letter to me from the Commissioner of Navigation, dated July 20, 1916:

Replying to your request for the prices at which cargo steamers are selling now as compared with the prices for which they were sold just before the outbreak of the war, as I told you by telephone, it is quite difficult to make a comparison for this reason—

Now, listen to this—

Nearly all maritime nations have passed laws forbidding the sale of merchant ships under their respective national flags to any others than the citizens or subjects of their own respective countries. Sales to foreigners can be made only with the consent of the Government whose flag the ship flies. For example, a British subject can sell to another British subject, but not to a purchaser of another nation without the consent of the Government; so, too, a Norwegian can sell only to a Norwegian, etc.

This demonstrates that since the war began all the belligerent nations and all the neutral nations have prohibited the sale of any of their shipping to any but citizens of their respective countries.

The principal maritime neutral nations and their tonnage are as follows:

	Tons.
Norway	2,520,188
Holland	1,522,547
Sweden	1,122,883
Denmark	854,996
Total	6,020,614

To this may be added Mexico, South and Central America; in all, about 850,000 tons. All this neutral shipping is employed, and has been employed for the last two years, in the ocean-carrying trade at extraordinarily high rates, such rates as were never known of before, and in consequence none of their ships are for sale. Moreover, under the laws of these countries none of their ships can now be sold to foreigners. I have already referred to the letter of the Commissioner of Navigation which bears out that statement.

If no ships can be purchased, either from belligerents or neutrals, and none can be obtained from our own shipyards for at least two years, it is difficult to see where any addition to our shipping can be secured in the near future under the provisions of this bill.

The American people, when they come to understand the situation and the provisions of this bill, are not likely to be fooled or deceived by such a glaring and cheap political makeshift as this, and yet for such a measure we are to be kept here sweltering in the hot dog days of summer—"de gustibus non est disputandum." Verily, there is no accounting for the Democratic taste.

But it may be asked, if such is the situation, what harm can there be in this bill? The answer is, first, the provisions of the bill relating to the purchase, sale, leasing, and operation of Government-purchased ships remain in force until the expiration of five years from the conclusion of the present European war; and this means a period of not less than six years, perhaps longer. Now, while ships can not be built or purchased within the next two or three years, it may be possible to secure them after that time. Meanwhile Government competition will remain a continuing menace to our shipping interests. By the time ships can be built or purchased our own people will procure the ships if not menaced by Government competition. In the next place, the restrictive regulations of this bill, to which I shall hereafter refer, will prove a continuing embarrassment and handicap to our shipping, especially to tramp vessels.

#### ADMITTING GOVERNMENT SHIPS TO COASTWISE TRADE.

There can be no valid ground for admitting the proposed Government-owned ships to the coastwise trade. That trade is well supplied with ships; so much so that within the last two years upward of 200,000 tons of that trade have left it and registered and gone into the foreign trade. It is in the foreign trade where there is a dearth, a shortage, of shipping. Then, why should not these proposed Government ships be kept in that trade, where they are needed, and not injected into a trade where they are not needed, to the detriment of the shipbuilding industry of our country? Having left the door open as to ships in foreign trade, we ought not to open the door as to our coastwise trade. That should be kept intact for the American shipyards. Their efficiency is of vital importance to us in peace and in war in order to secure an ample and efficient Navy.

If the coastwise trade is left intact, I have no fears that hereafter our shipbuilders will be able to compete with foreign builders in respect to ships in foreign commerce. The great European war has largely equalized the cost of construction. Labor is higher abroad than ever before, and the cost of living is higher than here. We are better supplied with cheap raw material, and we have a better supply of coal than have many of these nations, whilst our skilled mechanics are of a higher order and our general efficiency is higher. I quote the following from Ocean Shipping, May, 1916, pages 132, 133, and 134:

Shipbuilding methods as carried on in Great Britain and in this country have very little in common. American shipyards have evolved construction methods of their own, and the designing and building of commercial vessels in this country is carried out with a degree of precision and a regard for details unknown in Great Britain. Ship for ship, the American-built boat is always better equipped than any other. American shipyard methods were the result of a natural development along lines of least resistance, due to the paucity of orders for commercial work precluding specialization in any given type; and it is doubtful if the same methods carried out in Great Britain would have enabled the shipbuilders there to turn out work as good for the price as that turned out in American yards.

In recent years the accumulation of experience has brought about a general lowering of prices in American shipyards, and to-day their capabilities in the way of competition are limited only by the amount

of berths at their disposal, for, owing to the tremendous rise in the price of materials and labor in Great Britain, British shipbuilders are no longer able to offset the high percentage of overheads in the total cost of American-built ships, besides which the overheads are a factor which is constantly decreasing in this country, while there is no doubt that it has increased considerably in all parts of Europe and will continue to rise as a result of the war.

When comparing prices of American and foreign ships, it is too often forgotten that the American ship is finished with a degree of thoroughness unusual anywhere outside of this country.

In marine engineering, especially, our shipbuilders have set a higher standard than obtains anywhere else in the world, due to the fact that the builders of cargo boats are also the builders of United States warships; hence the very best scientific data are always at the disposal of our shipbuilders, while our machinery trade is certainly superior to the British for the production of auxiliaries.

There have lately been signs that shipbuilding has begun to attract the attention of people who intend laying down yards in this country for the purpose of engaging in the industry on the theory that, whereas American engineers have demonstrated their ability to underbid the world in the cost of erecting the structural material used in our tall buildings, in the face of higher wages than are paid in other countries, it is possible to carry out the same operation with another form of structure, namely, a ship, and shows the same brilliant results from the economic point of view. [Since the above was written several American shipbuilders have begun to carry this idea into execution, through having the midship sections "manufactured" outside by the steel makers, contenting themselves with building the ends at the shipyard. For reasons which can not be dwelt upon here it has not yet been found possible to "manufacture" a ship from end to end at the steel mill.]

Looking at the results obtained by American metallurgists and motor car and locomotive manufacturers in the matter of reducing manufacturing costs, while raising wages, it seems that there is a great future for the shipbuilding industry along those lines in this country. In the meantime the cessation of commercial shipbuilding in England, due to the war, has apparently had very little influence upon the character of the orders placed with American shipyards within recent months, judging from the following table of ocean vessels building in this country under date of December 1, 1915, which has been compiled by the Department of Commerce from data supplied by the shipbuilders. It will be seen from this table—which embraces vessels of all classes on which work has actually commenced and vessels which will not be laid down for several months to come, owing to the crowded condition of the shipyards—that only six steamers were on order in this country on that date for foreign owners, all of which were oil-tank vessels.

The following is from Ocean Shipping, May, 1916, page 151:

From Shipbuilding and Shipping Record, June 3, 1915:

"With practically all berths filled, the American shipbuilding industry is in a better position than it has been for years to wipe out adverse balances accumulated in previous lean periods. So great has been the influx of orders lately that anything like early delivery is out of the question at the moment. As in former years, practically all orders booked by American yards are for vessels intended for trading between American ports, which, according to law, must be built in America. However, here and there one comes across a boat on the stocks that might possibly have gone to British yards had not the war so altered the situation."

Within the past two years a number of ships have been built in our shipyards for foreign countries, and a number of such ships are now under construction, or under contract for construction. England, Russia, Germany, France, and Austria will have their hands full for some years to come in replenishing the losses of the war. Labor will be scarcer and higher than before, and raw material will not be as ample or as cheap as before. The war has enriched our country, while it has of necessity impoverished and handicapped those countries.

#### COST OF OPERATION EQUALIZED.

In this connection I quote the following from the Morgenbladet, of Christiania, Norway, one of the leading newspapers of that country, in its issue of June 28, 1916:

Shipowner Christopher Hannevig has lately returned from a six months' stay in America. He has purchased two great industries, namely, the Pusey & Jones Co., of Wilmington, Del., and the Pennsylvania Shipbuilding Co., which is distant 20 minutes by rail from the first-named company's plant. The Pusey & Jones Co. manufactures paper machines, which have made the company well known and highly commended. Besides, it includes a shipbuilding plant. The company employs altogether about 1,000 men. The purchase price paid was about \$1,000,000. The industries of the plant will be continued, as heretofore, but will be considerably enlarged. The Pennsylvania company can build eight ships of a tonnage of 13,000 each. In August the keel will be laid for two 7,000-ton ships for Norwegian account, and in November a beginning will be made on two 13,000-ton ships. Both plants which together employ between 2,000 and 3,000 men, will be under Norwegian supervision. They will be managed by Engineer Haakon Norbom and Shipbuilder Henry Lysholm, both of whom have had several years' experience in American shipbuilding.

Mr. Hannevig says: "It is of vital importance for Norway to renew her tonnage. It is our tonnage that has made us what we now are, which, in other words, makes us noted. Without this we could not have maintained ourselves economically during this war. There are no others who will come here with their tonnage to carry away our products. This has been brought home to Norwegian ship operators. They have increased their tonnage considerably, especially in America."

I call especial attention to this—

"especially in America, which is now in these embargo times the only place where tonnage can be purchased. Norway has in America alone purchased and contracted for 125,000,000 kroner (\$33,750,000) worth of additional shipping. The price is not more than 100 per cent over American normal price. In Europe the prices are from 200 to 300 per



cent over European normal prices. Norway has during the war gained a great status. It is now the country that has the greatest amount of free tonnage."

I have read this letter to show the prosperous condition of our shipyards and how the neutral countries, in order to get a national shipping, have to come over here and buy plants to build ships here. In this connection I have another interesting little item which I clipped from the New York Sun of yesterday.

Mr. HUGHES. Mr. President—

The PRESIDING OFFICER (Mr. HUSTING in the chair). Does the Senator from Minnesota yield to the Senator from New Jersey?

Mr. NELSON. I do.

Mr. HUGHES. Would it interfere with the Senator if I asked him a question at this point, just for information?

Mr. NELSON. No.

Mr. HUGHES. I want to know—I presume the Senator knows—how the law treats a foreign-owned ship which is built in this country in case an attempt should be made afterwards to give it American registry?

Mr. NELSON. Ships built for Norwegians in this country can not get American registry. The owners must be Americans.

Mr. HUGHES. Yes; but once having—

Mr. NELSON. These ships are built for Norwegian account.

Mr. HUGHES. And under the law as it was those ships never could obtain American registry.

Mr. NELSON. No; never.

Mr. HUGHES. But as it is now they can, of course?

Mr. NELSON. They can if they are owned by Americans.

Mr. HUGHES. Yes.

Mr. NELSON. They would have to be owned and controlled by Americans and officered by Americans.

Mr. HUGHES. But under the old law, nothing you could do in the way of ownership or control or officering the ships would permit them to get American registry.

Mr. NELSON. No; they could not by any possibility have come under the American flag.

I have referred to these matters to show the prosperous condition of our shipyards for the purpose of showing how foreign neutral nations, in order to get more ships, in order to get their own shipping increased, have to come to this country and buy ships and have them built. That statement shows that they have purchased in this country 125,000,000 kroner, as they are called—a krone being equivalent to about 27 cents in our money—of American ships already. This gentleman, Mr. Hannevig, has bought two plants here, and they have laid the keels for two 7,500-ton ships for Norwegian account, and in November they intend to start two 13,000-ton ships for Norwegian account. In other words, our shipbuilders not only have the work of our own country to do, but foreigners come here and employ them.

In this connection I desire to read the following item, which I clipped from the New York Sun of yesterday:

NORWEGIAN SHIP BUILT HERE—SAILS FROM CHICAGO TO TAKE CARGO OF CORN ABROAD.

CHICAGO, August 7.

The first ship for the Norwegian merchant marine built on the Great Lakes, the 3,000-ton *Nordal*, sailed for Montreal to-night. She was chartered by the Rockefeller Foundation to take a cargo of corn from Montreal to Rotterdam for the relief of Belgian war sufferers.

The *Nordal* is one of 30 ships being built for Norwegian firms in American shipyards.

This does not indicate that our shipyards are not in a prosperous condition. In fact, they are so prosperous that we could get no ships from them. They will be busily employed for the next two years in filling orders already received.

Mr. CLAPP. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to his colleague?

Mr. NELSON. I do.

Mr. CLAPP. What I want to ask my colleague—it is a matter with which he may be familiar, and I am not—is whether the Norwegian Government is contributing any direct aid to the Norwegian shipbuilders who are having these ships constructed?

Mr. NELSON. Oh, no; no aid at all. Most of the shipping of Norway consists of what are known as tramp vessels. Norway gives subventions to what is called the Mexican Line, which runs to the Gulf of Mexico, and another line of two ships to New York. It also gives subventions to local lines along the coast of Norway. If you will look at the map of the country, you will see that there is a narrow strip along the northern border where there are only local settlements here and there in the valleys and mountains, mostly settlements of fishermen, and to afford them shipping facilities the Government has given subventions to a number of lines that ply along the northern coast

clear up to North Cape, Hammerfest, Tromso, and other points. Without those subventions, they probably would not have the necessary shipping facilities.

Mr. WEEKS. Mr. President—

Mr. NELSON. I yield to the Senator from Massachusetts.

Mr. WEEKS. The Senator from Minnesota has been describing a condition which undoubtedly exists. American shipyards are busy, and I assume they are prosperous; but I did not notice that he stated that it was a comparatively new condition, and undoubtedly due to the war and the results of the war.

Mr. NELSON. Partly to the war, but partly to improved conditions of manufacturing in this country.

Mr. WEEKS. The necessity to ship our products on account of the demand?

Mr. NELSON. No; it comes from improved conditions, both because our plants are manufacturing more cheaply—I quoted a reliable authority on that point; the Senator may not have heard it—both because they can manufacture their ships more cheaply than ever before and because the cost of labor, the cost of food, and of everything else has vastly increased in the foreign countries, and they are not so well supplied with the raw material as are we. The best evidence, to my mind, that ships can be procured in this country more cheaply than anywhere else is the fact that that Norwegian firm comes over here and buys two shipyards in order to have ships built in this country by American workmen.

Mr. GALLINGER. Mr. President, is it not possible, if not probable, that the reason why Norway is coming to our market to get ships is because she can not get them built in the countries that are at war at the present time?

Mr. NELSON. That may have something to do with it; but you will notice that the last part of Mr. Hannevig's statement was that even in these times he could procure ships here at 100 per cent over normal prices, while in Europe the cost would be from 200 to 300 per cent.

Mr. GALLINGER. Yes, of course; but that is directly and inevitably due to the war.

Mr. NELSON. Partly; but the Senator must admit that the war will leave those countries in a condition such as they never were in before, and that they will be busy in supplying and replenishing their own losses.

Mr. GALLINGER. Very likely.

Mr. NELSON. Yes.

Mr. FLETCHER. Mr. President, may I ask the Senator, in that connection, if it is not a fact that Norway levies a very considerable tax on her shipping, especially her domestic and coastwise shipping, devoting the proceeds of that tax very largely toward building up state-owned ships?

Mr. NELSON. They have not any state-owned ships.

Mr. FLETCHER. Are they not applying the taxes they are levying on shipping now in that direction?

Mr. NELSON. No. They have in Norway both an income tax and a property tax; and under the provisions of that law they levy taxes on shipping as property, and then they levy taxes on the income of the shipowners and operators.

I think, Mr. President, I have demonstrated that, under present conditions, for years to come we can at least build ships as cheaply in America as they can be built abroad. The cost of operation is being largely equalized by the war. The supply of sailors has greatly diminished in the foreign maritime countries, and their wages are much higher than before the war, and the cost of their food supply is higher than in this country. There is not much difference in the bill of fare of sailors among the leading maritime nations. Most of the food supply comes from America, and hence it is higher in price abroad than it is here. In Norway, which is next in rank to the United States among neutral countries in her shipping, and which was fourth in rank among the nations of the world before the war, and which has always before had an ample supply of good sailors, there is now, and for some time has been, a serious complaint of the scarcity of sailors and of the high wages that have to be paid.

Norwegian ships which before the war had an ample supply of sailors among their own people, are now compelled to ship a heterogeneous crew of all shades and nationalities. I get this information from one of the leading newspapers of that country. The same conditions prevail to a greater or less extent in Sweden, Denmark, and Holland, and the war must necessarily have had a similar effect in all the belligerent nations.

While the late seaman's law (38 Stat., 1164) may have worked harm on the Pacific because of competition with oriental shipping, yet I think that on the Atlantic and Gulf coasts, if properly enforced, its tendency will be to equalize the wages of sailors among all shipping plying to ports on those coasts.

On the whole—though the statement may not be considered as orthodox in some quarters—I am impressed with the idea that under present conditions and under the important relief conferred by the Panama act of 1912 and the amendatory act of 1914, to which I have already referred, if not handicapped, hampered, and discriminated against by such legislation as is contained in this bill or other hostile legislation, our shipping in foreign commerce is on the high road to recovery, and will continue to have from year to year a sure and steady growth, though perhaps not an exceedingly rapid one. Relieved of one burden—that is, the cost of the ships—by legislation and of the other by conditions resulting from the war, it will be a healthy, natural, and steady growth, neither sporadic nor artificial. In most other lines of manufacture and industry America leads the world, and I believe, if given a fair chance, America will take a leading part in foreign shipping.

I am the more confirmed in these views by the fact that most of our import and export tonnage is carried not in route vessels but in ocean tramps, as I shall hereafter point out more in detail. No doubt additional subventions to mail steamers on regular routes would be a help and advantage in enlarging and extending traffic on such routes. In this connection I may add that our ocean shipping has some advantages over English and other foreign shipping—

First. In having no prescribed load line. All who are familiar with shipping matters know that under the Lloyd measurement in England there is a mark on the side of the ship called the load line, and ships are not allowed to carry any load that will sink a vessel lower than that load line. We have no such law in this country.

Second. In the matter of liability for damage to or loss of cargo and for injury to persons or loss of life. Under our laws our ships are only liable to the extent of the value of the ship, if saved, and of freight earned. In the case of the *Titanic*, which sank, there was nothing left to pay damages with, under our law, except the \$100,000 or so freight earned. Under English and other foreign laws the liability is much greater in such cases.

My recollection is that under the English law damages are granted upon the tonnage of the vessel. I am not absolutely sure, but I think a rate of \$8 per ton or something of that kind is allowed—that is, the people who sustained loss on the *Titanic* were able, in the settlement of the case in court, to get considerably more money than the mere freight that was due to the *Titanic*. I notice in the papers, but it may not be accurate, that they settled for something between six and seven hundred thousand dollars. The Senator from New Jersey [Mr. HUGHES], who is listening to me, will, I think, recall the fact.

Mr. HUGHES. I think that was the amount.

#### REGULATIVE FEATURES OF THE BILL.

Mr. NELSON. I now come to what I call the regulative features of the bill. These relate both to the coastwise and to the foreign trade. The bill provides for a board of five commissioners, who, in addition to their power to buy ships and the power to sell, lease, and operate the purchased ships, are given comprehensive regulatory power and control over all our own shipping, as well as over foreign shipping plying to or from our ports. These powers are far greater than those conferred upon the marine department of the English Board of Trade, which has jurisdiction over English shipping.

As to coastwise shipping, it may, in general terms, be said that the bill gives the board about the same regulatory power over such shipping as is possessed by the Interstate Commerce Commission over our railroads. As to shipping in foreign commerce, the regulative power is more limited and less restrictive. But these regulative powers will in both cases prove, as I shall point out, to be repressive and restrictive of the growth and prosperity of our shipping. The ocean pathway is open to all nations and in its nature is not a monopoly like a line of railroad. All ships can travel on the ocean, but only the cars of a railway company have the right of way over its tracks. The ocean carrier is in competition with all the world.

I have here, and I will insert it in my remarks, a table of our exports and imports for the years 1914, 1915, and 1916. These figures indicate that in value our exports in those years, especially in the last year, were double our imports and more than double in tonnage and in bulk.

Our imports and exports for the years 1914, 1915, and 1916 are as follows:

Exports.	
1914	\$2,364,579,184
1915	2,768,589,340
1916	4,332,698,604
Total for 3 years	9,466,867,092

#### Imports.

1914	\$1,893,925,657
1915	1,674,169,740
1916	2,197,984,842
Total for 3 years	5,766,080,239

This table indicates that in value our exports were nearly twice our imports, and they were much more than twice in tonnage, if we take into account the bulky character of much of our exports.

It may be said, as a general rule, that a nation pays the freight on its imports, while the freight on its exports is paid by the foreign purchasers. Where imports are of raw material for manufacturing purposes and such manufactures are re-exported in their manufactured state, the ultimate consumer will, to some extent, pay the cost both ways. Our normal freight bill is what we pay for our imports, and this is quite heavy, but it is much less on account of our excessive exports than what the foreigners pay on our exports. I quote from *Ocean Shipping* of May, 1916, pages 27 and 28, as follows:

It may therefore be taken as a commercial truism that a nation pays the freight on its imports, while the freight on its exports is paid by the foreign buyer. In countries where a large proportion of the imports consists of materials entering into the manufacture of articles which are reexported, a part of the freight thus paid on imports is eventually borne by the ultimate foreign consumer through price adjustments. For this reason, then, the total freight bill is a deceptive measure of the total amount of money which leaves a country for the purpose of paying the foreign owners of vessels engaged in overseas traffic, when, as in the case of the United States, a considerable portion of the carrying trade is in the hands of foreign shipowners. It appears from the foregoing that freight represents payment for an actual service performed. Therefore the American merchant who imports, say, textiles from Germany, or tea from China, must pay freight irrespective of the nationality of the ship carrying his goods; but, looking at the question from a general point of view, the problem is whether the payment of freight to foreign ships impoverishes a nation.

This question is usually linked with the general one of balance of trade, and though free traders would contend that it pays a nation to have foreigners do its carrying, if it is unable to perform the same service at equal price, there is no question that the carrying trade of such a nation as the United States represents a huge business which gives employment to a considerable proportion of the total tonnage owned in the world; and therefore the participation of Americans in this business would open a new source of national income.

Mr. Paish estimates that for the fiscal year 1908-9 the net sum paid by the United States to other countries was about \$25,000,000. He says (*Ocean Shipping*, May, 1916, pp. 32, 33):

There are, however, other credit items to be taken into consideration. The foreign vessels carrying goods from the United States to other countries are usually coaled and provisioned for the outgoing voyage in American ports, and the value of the coal and provisions supplied to them must be deducted from the payments which the United States has to make for freight brought into the country in foreign vessels. After taking all these factors into consideration, I calculate that the net sum which the United States pays to other countries for the transportation is about \$25,000,000.

Ocean shipping is generally classified as follows: Mail and passenger steamers (express lines), passenger and cargo steamers (combination lines), fast cargo steamers (cargo liners), ordinary cargo steamers (tramps).

I quote from *Ocean Shipping*, May, 1916, pages 15 and 16:

#### LINERS.

Express liners, with exceedingly small cargo space (the *Mauretania* carries but 1,500 tons of freight out of her gross tonnage of 32,000), may be likened in their relation to freight traffic to the express cars of fast passenger trains. This also applies to combination liners, which, however, do carry a large proportion of bulky commodities, such as grain, cotton, foodstuffs, manufactures of metal, etc., and combine the duties of express cars and fast freight trains. However, out of 25,000 steamers afloat probably not more than 1,600 are included in the two preceding classes. The cargo liner is to the sea what the fast-freight service is to rail transportation. It is a boat carrying cargo exclusively, but which steams regularly and periodically over the same routes. Types of this class of cargo carriers are those employed by, for instance, the Leyland, Prince, Lamport & Holt, and Bucknall Lines, to carry American exports to Europe, South America, South Africa, and the Far East. Cargo liners are almost invariably built for the trade in which they are to engage, and are kept up to the highest standard of efficiency in order to give shippers the advantage of the lowest rate of insurance.

Ordinary cargo or tramp steamers, the marine prototype of the common freight car, are the carriers of most of the bulky commodities and low-grade freight of the world. They are boats of full form, rarely exceeding 375 feet in length, of a speed varying between 8 and 10 knots and ready to go anywhere to pick up any sort of cargo. Tramp steamers are hired on charter by merchants at rates of freight governed by the state of trade and the supply of shipping. While, as a rule, cargo steamers are chartered by intending shippers through brokers at the great seaports or their agents at the smaller ports for a specific voyage only, there is another method by time charter.

#### WHAT TRAMPS CARRY.

It has been estimated that out of 45,000,000 tons of shipping owned in the world, fully two-thirds of the tonnage used in ocean traffic consists of tramp steamers, of which Great Britain alone owns 70 per cent of the whole. Low-grade freight and bulk goods constitute the tramp steamer's chief means of employment in marine transportation. As three-fifths of the bulk of British exports consist of coal, and as coal can only be shipped by "tramps," it follows that Great Britain has always at hand employment for her vast fleet of cargo boats which leave the home ports with coal for all parts of the world, but chiefly Mediterranean and South American ports.



The bulk of our agricultural, mineral, and forest products is carried in tramp ships, and our coarse, bulky, and heavy imports are carried in similar ships. As a rule, the world over, low-grade freight is carried in tramp ships which do not operate on fixed lines. Tramp steamships are indispensable for our foreign commerce.

I quote from *Ocean Shipping* of May, 1916, page 104:

TRAMP STEAMSHIPS INDISPENSABLE.

The disparity between import and export tonnage vitally affects the character and cost of the transportation afforded the foreign trade of the United States, for it means that all vessels used in export trade can not obtain direct return cargoes, and therefore must load at foreign ports for destinations other than the United States. For instance, a steamer starting from Savannah across the Atlantic with cotton for Liverpool is likely to be chartered to carry coal from Wales to Argentina to avoid being compelled to return to the United States empty (in ballast). If no cargo offers at Argentine ports, she may proceed in ballast to Chile to take nitrate for Europe, and thus remain away from the United States indefinitely or until, at some port, a profitable cargo or charter to the United States is offered. To lay down Pittsburgh steel at Vancouver in competition with British steel shipped from England via Magellan, steamers from New York, in addition to taking steel for Vancouver, had to take cargo for delivery at intermediate points along the west coast of South America and Mexico. After discharging steel at Vancouver, where no cargo direct for the east coast of the United States is regularly available, these vessels ship lumber or coal for the Gulf of California. They are reloaded with copper matte for Dunkirk, France, and in France take chalk for New York, the whole trip consuming from six to eight months. It was the only process whereby the cheap water rate from Liverpool to Vancouver, made possible by the existence of a large export traffic out of British Columbia to Europe and the Far East, could be overcome. In these voyages the export trade of other countries was served three times, while that of the United States was served once, but it was the toll taken from the commerce of the others that made this export of American steel possible.

Similar examples from other industries might be cited, but this is sufficient to reveal the extent to which American commerce is necessarily interwoven with that of the rest of the world, and the cheap and bulky character of most American exports demands normally the low rates which can be provided only by those vessels—chiefly tramp steamers—which, by taking cargoes for whatever destination is offered, avoid the deadening expense of long return trips in ballast. In the language of a recent report from the United States consul general at Rio de Janeiro: "A freighter follows whatever route insures its receiving the highest prices; owners and charterers maneuver a cargo vessel all over the map with that sole end in view."

The bill under consideration is defective in not making provision for tramp steamers. The bill only provides for "the purchase, construction, equipment, lease, charter, maintenance, and operation of merchant vessels in the commerce of the United States." (See p. 10, sec. 11, lines 13, 14, and 15.)

An American tramp ship, if Government owned, with a cargo of cotton from Mobile to Liverpool, could not take a cargo from there to Brazil or Chile, for that would not be "commerce of the United States." I quote from *Ocean Shipping*, of May, 1916, page 108:

The bill appears to restrict the operation of these Government vessels (whether operated by the Government or by private corporations) to trade directly between the United States and foreign countries—I. e., in the language of the act, to "use in the transportation of the commerce of the United States with foreign countries," and between the United States and our distant possessions; in other words, to service on certain fixed lines. It fails, therefore, to touch tramp shipping, upon which the greater part of our exports and imports depends.

Such a ship, if a return cargo could not be immediately obtained, would have to wait until a return cargo for the United States could be obtained instead of securing immediately a cargo for a foreign port—or two ports—returning from such port or ports to the United States. The great bulk of our exports to and imports from South America are and will be carried in tramp ships. We would be at a great disadvantage in building up a trade with South America if we put our tramp ships under the restrictive regulations of this bill while the tramps of other countries have a free hand.

I quote on this point the following from *Ocean Shipping*, page 110:

It is urged that the application of the law alike to American and foreign vessels precludes discrimination and subjects the American ship to no disadvantage as compared with the foreign ships seeking cargoes from the same American port. American vessels, however, must also meet in their circuitous voyages the competition of foreign ships which never call at American ports, and, therefore, will never be subject to the seamen's act's requirements as to manning and equipment or to the proposed rate regulation of this bill. All American vessels will be obliged to meet the maximum requirements of the American laws, but only that portion of foreign shipping which calls at American ports will be similarly burdened. The struggle for survival would naturally occur in trade wholly foreign to the United States, such as from the United Kingdom to South America or Africa or the Far East, between American ships complying with all our extreme navigation legislation and foreign ships permitted by their Governments to operate on a competitive level with rival maritime enterprise. To live on our own export and import trade American tramp steamships must be able to live on the odd legs of the circuitous voyages necessary to avoid return in ballast. The fact that American shipping is now highly profitable is no criterion of its ability to compete during a shipping depression such as may follow a few years after this war and such as did follow the Boer War.

Ocean shipping is the most competitive of industries, a constant struggle for existence, chiefly among nations for centuries engaged in maritime carrying. It is difficult to conceive success for the American

entrant if burdened by legal restrictions not borne by the older and stronger opponents. In so far as such laws apply equally to American and foreign vessels they increase our freight rates and handicap our trade. If they do not apply to foreign vessels they drive our ships out of business.

These foreign tramps plying between Europe and South America can give rates, favors, and drawbacks that our tramps can not give under the restrictive regulations of this bill, and this would place our exporters at a great disadvantage in building up a trade with South America.

But a comparatively small part of our exports, especially of heavy and bulky tonnage, are carried in regular liners plying on fixed routes. It may be observed in this connection that while foreign countries give in one form or another to a greater or less extent subventions to mail and fast passenger and freight lines plying on regular routes, none of them give any such aid, or anything except unshackled freedom, to their tramp ships. Why should not our tramp ships enjoy the freedom that the tramp ships of other countries enjoy, and thus be on a footing of equality?

Mr. HUGHES. May I ask the Senator a question right there?

Mr. NELSON. Certainly.

Mr. HUGHES. I understand it is the practice of other countries with reference to tramp ships that they are given the privilege of plying between their home ports. I want the Senator to correct me if I am wrong, but I am under the impression that foreign countries give tramp ships the privilege of plying between the different ports of their home countries.

Mr. NELSON. The question the Senator propounds relates to whether foreign countries confine their own ships to the coastwise trade. Most of the countries do not.

Mr. HUGHES. Do not foreign countries as a rule, so far as tramp ships are concerned, give to them the privilege of touching at more than one port in the home country when coming in from a foreign voyage?

Mr. NELSON. They do. They give that advantage, and so our tramps should have that advantage.

Mr. HUGHES. Yes; but take the case of an American tramp engaged in the foreign trade, leaving Liverpool with a cargo, it could not touch and break bulk at New York and then go on to Galveston.

Mr. NELSON. No; because that would be entering on the coastwise trade.

Mr. HUGHES. I say that is one of the reasons why we can not have American tramp ships. We do not give them the privilege that other nations give their tramp ships. The Senator has frequently referred to Norway—

Mr. NELSON. I referred to it not because I have any more interest in Norway than has the Senator from New Jersey—

Mr. HUGHES. I understand.

Mr. NELSON. But I referred to it because in the matter of shipping Norway is the greatest country in proportion to population on the face of the earth.

Mr. HUGHES. I know that.

Mr. NELSON. Its shipping is next in rank to that of the shipping of the United States to-day. I referred to it because most of their shipping belongs to the tramp class, for the reason that I will state.

Mr. HUGHES. That is the reason why I asked the Senator the question. I referred to Norway because I thought from what the Senator said that he was exceedingly familiar with the shipping of that country. That is the only object I had.

Mr. NELSON. I will state the reason why most of the ships of Norway are tramp ships. Norway is a small country. It is mountainous and very sterile; it has a small population; and its exports and imports are exceedingly limited; but its shipping is considerable. If the shipping of Norway had nothing to do except to carry the exports and imports of that country there would not be much of it. They make their living by doing what I call a tramp business for all countries over the world. Most of their steamers belong to that class. On the other question to which the Senator referred incidentally, I have a book here which I have not had time to examine carefully, but from what I have seen, most of the maritime countries allow foreign ships to engage in the coastwise trade.

Mr. HUGHES. I agree with the Senator; and I just want to emphasize this point: There is no country except our own which refuses to permit a ship of its own registry in foreign commerce to go from port to port in that country. Does the Senator know of any other country, except the United States, that does not allow its tramp ships in its own commerce, carrying its own registry, to go from port to port in that country?

Mr. NELSON. But that question is not covered by the bill.

Mr. HUGHES. I think it is to a greater or less extent.

Mr. NELSON. It is not covered by the bill in any form or shape, as the Senator from Florida [Mr. FLETCHER] knows.

Mr. HUGHES. I understand that under the provisions of the bill the ships that are to be built are to be given that privilege.

Mr. NELSON. They are to be given the privilege of the coastwise trade.

Mr. HUGHES. Then it does involve that question.

Mr. NELSON. But it does not apply to other ships.

Mr. HUGHES. It does not apply to other ships.

Mr. NELSON. I repeat, it is comparatively a small part of our exports, especially of heavy and bulky tonnage, that is carried in regular liners plying on fixed routes. It may be observed in this connection that, while foreign countries give, in one form or another, to a greater or less extent, subventions to mail and fast passenger and freight lines plying on regular routes, none of them give any such aid, or anything except unshackled freedom, to their tramp ships. Why should not our tramp ships enjoy the freedom that the tramp ships of other countries enjoy, and thus be on a footing of equality?

An American tramp steamer at Liverpool should have as free a hand as a British tramp at that port. It should be as free at all ports as a British tramp ship. In this connection, and as bearing on tramp steamers, I refer to paragraph 4 of section 15 of this bill, to parts of section 16, to the first paragraph of section 17, to section 18, to part of section 22, and to the provisions of sections 24, 25, 26, 27, 28, 29, 30, and 32.

While some of these provisions may be justified as to freight and passenger ships, plying on fixed and regular routes on which there are or may be competing lines, they are a most grievous burden upon and are an impediment to the ocean tramps. Their rates necessarily shift from port to port, and to get freight, instead of being tied up or steaming away in ballast, they will have to accept such rates and conditions as may be offered; in other words, they are at the mercy of the port where they happen to land. To put such restrictive regulations upon them as is proposed in this bill would make our ocean tramps the outcasts among all the world's tramp steamers. In other words, if the Senator from New Jersey will read and note the restrictions in the bill that are put upon our tramp vessels and then compare them with the conditions of tramp vessels in other countries, the Senator will readily see the difference.

Not only do the tramp ships carry the bulk of our foreign commerce, but in our coastwise trade the bulk of all heavy traffic and all low-grade freight is carried by tramp ships. The tonnage carried by them at least equals the tonnage carried by liners plying on regular routes. These tramps are to some extent the regulators of the rates of the liners; their cost of operation is less, and, as to bulky and heavy goods, they can give much better rates than can the regular liners. They ply from port to port, wherever they can get freight and touch many ports not made by the liners. Their traffic is highly competitive, and hence their rates are necessarily fluctuating.

To secure freight they must give such rates as the port affords or offers. In one season of the year the rates may be very low and in another season higher. Between certain ports the rates may be very low, between other ports relatively much higher. In a journey from the Gulf coast to New England such a tramp may make many ports, some close together, others far apart. On the return trip many other ports may be made. I do not see how it is possible for such a ship to comply with the provisions of section 19, which are as follows:

SEC. 19. That every common carrier by water in interstate commerce—

And that includes all our coastwise trade—

SEC. 19. That every common carrier by water in interstate commerce shall establish, observe, and enforce just and reasonable rates, fares, charges, classifications, and tariffs, and just and reasonable regulations and practices relating thereto and to the issuance, form, and substance of tickets, receipts, and bills of lading, the manner and method of presenting, marking, packing, and delivering property for transportation, the carrying of personal, sample, and excess baggage, the facilities for transportation, and all other matters relating to or connected with the receiving, handling, transporting, storing, or delivering of property.

It is the next paragraph which works the greatest destruction—

Every such carrier shall file—

And that covers even tramp steamers—

Every such carrier shall file with the board and keep open to public inspection, in the form and manner and within the time prescribed by the board, the maximum rates, fares, and charges for or in connection with transportation between points on its own route; and if a through route has been established, the maximum rates, fares, and charges for or in connection with transportation between points on its own route and points on the route of any other carrier by water.

Now, listen to this:

No such carrier shall demand, charge, or collect a greater compensation for such transportation than the rates, fares, and charges filed in compliance with this section, except with the approval of the board and after 10 days' public notice in the form and manner prescribed by the board, stating the increase proposed to be made; but the board for good cause shown may waive such notice.

Whenever the board finds that any rate, fare, charge, classification, tariff, regulation, or practice, demanded, charged, collected, or observed by such carrier is unjust or unreasonable, it may determine, prescribe, and order enforced a just and reasonable maximum rate, fare, or charge, or a just and reasonable classification, tariff, regulation, or practice.

How can such stringent rules properly apply to tramp steamers from port to port? Compliance with this section would involve a separate rate sheet for each port, great or small, and between each two or more of such ports on our entire Pacific, Atlantic, and Gulf coast lines. As an illustration: Take a cargo tramp ship carrying lumber from a Gulf port to numerous ports on the Atlantic seaboard. It would be necessary to have a separate rate sheet for each port that it would be likely to make in the course of a year, and it could never be sure in advance as to what ports it would have to make. It may be suddenly called upon to carry lumber to a port for which it has no rate sheet or prescribed rate, and if it ships the lumber to such a port without a previously prescribed rate it would violate section 19.

Aside from the steamers of the tramp class, the report of the Commissioner of Navigation of March 31, 1916, shows that there were then in the coastwise trade a total of 8,237 sail ships and barges, with a total tonnage of 1,813,599 tons. All these vessels belong to the tramp class and do a tramp business in carrying coal, lumber, iron, ore, grain, and oil. Senators can at once see how embarrassing, annoying, and repressive it would be to make such vessels subject to the provisions of section 19.

Sir Norman Hill, secretary of the Liverpool Steamship Owners' Association for many years, in a report last year to his Government, stated:

Of the vessels that count in the ocean overseas trade the number belonging to the United Kingdom may be taken to have been at the outbreak of the war 3,600 steamers of over 1,000 tons net, and their tonnage at 10,000,000 tons net, divided as follows:

Liners—

That is, ships plying on regular lines:

Number of liners, 1,200; net tons, 4,200,000; gross tons, 6,960,000; dead-weight tons, 6,000,000.

General traders, or cargo boats or tramp vessels:

Number of general traders, 2,400; net tons, 5,760,000; gross tons, 9,600,000; dead-weight tons, 18,000,000.

Total number of liners and general traders, 3,600; total net tons, 9,960,000; total gross tons, 16,560,000; total dead-weight tons, 19,000,000.

In other words, the general traders or tramps under the British flag carry about two-thirds of the weight of cargo carried by British steamships in over-seas trade, the liners only one-third. These figures include British steamers which carry on the foreign trade of the United Kingdom with the rest of the world, and also British steamers which do not trade with the United Kingdom at all, but are engaged in carrying between foreign countries and colonies, to ports on the Continent of Europe, and so forth. Sir Norman Hill's figures include no sailing vessels, practically all of which are general traders or tramps. The Norwegian merchant marine is made up mainly of general traders or tramps.

To put tramp vessels, either in the foreign or coastwise trade, under the restrictive regulations of this bill would be to hamstring and to destroy the value and efficiency of all our ocean tramp shipping; and, in respect to our trade with South America and other foreign countries, it would, as I have already pointed out, be a great handicap and drawback. There may be some grounds of justification for placing our coastwise liners, plying on regular routes, under the restrictive restrictions of this bill, but there certainly is no valid ground or justification for treating our tramp shipping in that way; and, even in the case of liners on regular routes, I doubt the wisdom of it and fear the proposed restrictive regulations will do more harm than good.

Mr. President, in these remarks I have aimed, using a nautical phrase, to steer close to the wind. I have aimed to steer close to facts as they actually exist and close to the legal conditions that prevail to-day. I have pointed out—and I do not think it can be gainsaid—that under present conditions in our own shipyards, under the provisions of this bill, and under the conditions of legislation that prevail in foreign countries, it will be utterly impossible to secure any shipping within the next two years. No ships can be bought from the neutral countries, because they have prohibited their sale; none can be bought from belligerent countries under the provisions of the bill; and our shipyards will be fully occupied for the next two years, as I



have heretofore shown. Then, where are the ships coming from?

Mr. WEEKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. NELSON. I do.

Mr. WEEKS. I thought the Senator had finished, and I wanted to ask him a question before he took his seat. He has just been speaking of tramp steamers and their being put under the control of the proposed shipping board. I want to ask him if I am to understand that the tramp steamers are common carriers under the terms of this bill?

Mr. NELSON. I understand they are to be placed under the regulations prescribed by this bill.

Mr. WEEKS. "Common carriers" are carefully defined in the bill, and it seems to me that the definition does cover tramp steamers. I think it is an important consideration, however, because there is a vast difference between the business conducted by tramps and that conducted by the regular liners.

Mr. NELSON. Of course there is a vast difference between the business done by the regular liners and the tramps, but the regulations of the bill, as the Senator from Massachusetts well knows, are of a twofold nature: First, in respect to our coastwise shipping, which is called shipping in interstate commerce in this bill. The shipping board has practically the same right to fix and regulate rates in one form and another as has our Interstate Commerce Commission over the railroads; while in respect to the ships engaged in foreign commerce, there are no such comprehensive regulations; but in many respects they come under the provisions to which I have called attention in my remarks.

Mr. HUGHES. Mr. President, I agree, in the main, with what the Senator says with reference to the difficulty of applying this law to tramp steamers, if it was intended to apply to tramp steamers; but I call the Senator's attention to the definition of "common carrier" contained in the first paragraph of the bill in these words:

The term "common carrier by water in foreign commerce" means a common carrier, except ferryboats running on regular routes, engaged in the transportation by water of passengers or property between the United States or any of its Districts, Territories, or possessions and a foreign country.

One foreign country. That would seem to include only liners. I want also to call the Senator's attention to the language on page 2 of the bill, defining "common carrier by water in interstate commerce."

The term "common carrier by water in interstate commerce" means a common carrier engaged in the transportation by water of passengers or property on the high seas or the Great Lakes between one State, Territory, District, or possession of the United States and any other State, Territory, District, or possession of the United States, or between places in the same Territory, District, or possession.

This shows the distinction made.

Mr. NELSON. Of course, I noticed the distinction, because a common carrier engaged in the transportation by water of passengers or property on the high seas is entirely different from a common carrier engaged in like business on the Great Lakes. The commerce on the Great Lakes comes under the head of what we call in our phraseology the coastwise trade.

Mr. HUGHES. Yes; but I wanted to call the Senator's attention to the fact that different language is used in dealing with the shipping on the Great Lakes. The bill makes a common carrier out of any vessel which plies between one State and another State, whereas it makes a common carrier in the foreign trade only out of a vessel which plies between the United States and a country—not any other country—

Mr. NELSON. Of course, the Senator is right.

Mr. HUGHES. So, it seems to me that a vessel plying between the United States and any other country would not be a common carrier under this definition, but would be, as the Senator suggests, a tramp or trader. I hope that is the intention of the framers of the bill, as I think it should be the intention.

Mr. HARDING. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. NELSON. Certainly.

Mr. HARDING. I want to ask the Senator, under the definition in this bill, would a vessel engaged in the ore trade, operating solely for its owners in carrying ore from Minnesota to Cleveland, Ohio, be a common carrier?

Mr. NELSON. I think it would if it operated on a regular route.

Mr. HARDING. Would a vessel which made a specific charter for a cargo from one shipper be a common carrier under the provisions of this bill?

Mr. NELSON. I think it would likely be so held.

Mr. HARDING. That is a very important question.

Mr. NELSON. The Senator knows that in reference to interstate commerce in connection with railroad traffic we have not held that those who own a small piece of road are immune from regulation.

Mr. HARDING. In order to bring out the point which is interesting me, suppose a vessel should charter a special cargo of cotton goods at New Orleans to be carried to New York, and the conditions were such that that vessel could offer an extraordinarily attractive rate to secure the cargo. Under the provisions of this bill could that vessel be made to hold to that rate except under permission of the shipping board?

Mr. NELSON. It would have to have a rate fixed, and adhere to it; and it could only be relieved from it by the permission of the board, as I construe the bill.

Mr. HARDING. Then, a tramp vessel plying from one American port to another can not pick a cargo to its advantage as it may choose?

Mr. NELSON. I think not.

Mr. President, as I said a moment ago, I have aimed to discuss some of the more important features of this bill. I have, I think, demonstrated that it will be utterly impossible to procure any additional shipping in any direction for the next two years. So that in that respect in going before the American people and holding this measure up as a piece of great constructive legislation and in telling them that the bill will provide more ships, when as a matter of fact it will provide no more ships within the next two years, our Democratic friends are at least not adhering strictly to the facts.

In reference to the shipping bill which was pending at the last session of Congress and which was defeated there were many good people in this country who entertained the suspicion that the purpose of the bill was to buy German interned ships. A provision has been inserted in this bill preventing the acquisition of such vessels; but whether at the other end of the Avenue that exclusion is approved we do not know. Mr. President, we hardly know where we stand on any important legislation in this Chamber until we know whether it has been ratified in one form or another, either in advance or subsequently, at the other end of the Avenue.

There are other features of this bill—and I grieve to note them—to which serious objection can be taken. Since I have been a Member of this body I have never been possessed of that partisanship that distinguishes between the North and the South. I have been always as anxious to help the people of the South in reference to river and harbor improvements and other matters as I have the people of the North. This bill originally not only included the Great Lakes, but also the rivers of this country, especially the Mississippi River. But a loud cry came from the people of the Southern and Gulf States, from New Orleans and other points, to omit inland waters from the provisions of the bill. "For God's sake," they said, "we are trying to build up shipping on the Mississippi River. Do not hamstring us in the bill." So the Committee on Commerce has dropped out of the bill the reference to the inland waters. I can see no more reason for exempting the Mississippi River from the regulative features of this bill than for exempting the Great Lakes. Why should we put the traffic of the Great Lakes in a regulative straight-jacket and then make navigation on the Mississippi River perfectly immune? It is such discrimination that, to my mind, gives this bill rather more of a partisan flavor than it ought to have. I live near the headwaters of the Mississippi River. None of my people have sought immunity for the upper end of the river, so far as I know. The demand came from New Orleans and the lower river. Their prayer was heeded, while the Great Lakes were given the cold shoulder.

There are some features of this bill which I may discuss by and by. I am simply aiming now to draw the attention of the Senate to some of the most radical and dangerous features of the bill, to the end that Senators may see into what a gulf they are about to leap if they adopt this measure. However, I suppose the inexorable mandate has come from above, the mandate which has carried so many peculiar schemes through Congress, and that this bill, right or wrong, must be passed because our Democratic friends want to go out on the stump and say, "See what a great volume of constructive legislation we have passed under this administration." If they go out on the stump and tell the truth about this bill, if it becomes a law, they ought to say, "Gentlemen, we have passed a ship-purchase and ship-operating bill, but it is not possible to get any additional shipping under the present conditions for the next two or three years." However, they will not tell the people that, but they will have given them another Democratic dose of paregoric.

Mr. CLAPP. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to his colleague?

Mr. NELSON. I yield.

Mr. CLAPP. While my colleague was pointing out the fact that the framers of the bill left the Mississippi out and included the Great Lakes, I want to remind him also that they have limited the most restrictive provisions, those that will interfere the most with the operation of navigation, to a class that includes the Great Lakes, for section 19 only includes those carriers that are defined on the top of page 2 as common carriers by water in interstate commerce, including in express terms "on the high seas or the Great Lakes." Not only have the Great Lakes been discriminated against in that way, but they have been further discriminated against by imposing the restrictions which, as the Senator has so plainly pointed out, will almost absolutely paralyze the navigation referred to in that part of the bill directly affecting the commerce of the Great Lakes.

Mr. NELSON. The Senator is undoubtedly correct. It would work a great hardship on the shipping of the Great Lakes, a great deal of which is carried on by tramp steamers.

Mr. FLETCHER. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Florida?

Mr. NELSON. I yield.

Mr. FLETCHER. I desire to suggest that the Senator will scarcely classify the Great Lakes along with the rivers and inland waterways of the country. The Great Lakes would correspond more nearly to the Gulf. They are high seas in effect and commerce carried on there is foreign as well as domestic. It is not only coastwise, but it is foreign commerce. I can not see any sort of reason for placing the Great Lakes on the same footing as the rivers and inland waterways of the country so far as the regulative powers of the shipping board are concerned. On the contrary, they classify naturally with the coastwise and foreign shipping, because they are used not only for coastwise and domestic commerce, but for foreign commerce as well.

Mr. CLAPP. Yes; but foreign commerce would not fall under the restrictive provisions of section 19, except the foreign commerce on the Great Lakes. That is the point I was getting at.

#### PROPOSED MISSISSIPPI VALLEY NATIONAL PARK.

Mr. KENYON. Mr. President, there seems to be nothing more to be said on the shipping bill after the conclusion of the remarks of the Senator from Minnesota [Mr. NELSON], and I desire to take just about 10 minutes on another bill which has been introduced in the Senate looking to the establishment of a national park in the Mississippi Valley.

On a bright day in the summer of 1805, near McGregor, Iowa, and almost across from where the Wisconsin River empties its volume of water into the majestic Mississippi, Gen. Pike, of the United States Army, stepped from his little boat, climbed the rugged hills, and planted the Stars and Stripes thereon. It was the first American flag ever raised over the Northwest territory, and ever since the spot has been known as Pikes Peak.

On his return Gen. Pike recommended to President Jefferson that a fort be built at or near the place. Across the river, at Prairie du Chien, in pursuance of this recommendation, was constructed Fort Crawford, and in the immediate vicinity of Pikes Peak. Possibly no fort is more famous in American history.

A century before Pike planted the flag on the bluffs of the Mississippi Father Marquette and Louis Joliet drifted down the Wisconsin River and discovered the upper Mississippi. Later Father Marquette described the wonderful scenery at this point to King Louis as "inexpressibly grand." Few places of our national territory are so pregnant with historic interest as is this stretch of the Mississippi River. Fort Crawford has been one of the inspirational points of our history.

For a time in 1812 the union jack floated over it, but it was the last union jack to float on American territory.

It was here Zachary Taylor, subsequently President of the United States, was commander for some years.

It was here the love story of Jefferson Davis and the daughter of Taylor was woven out of their lives. Taylor is said to have been opposed to the young lieutenant because he was an Army officer.

It was here Blackhawk, the great Indian chief, was brought captive.

Here often came Ulysses S. Grant, and here he served.

At Fort Crawford Abraham Lincoln, volunteer in the Blackhawk War, received his honorable discharge.

From this place, in 1856, marched, under Gen. Albert Sidney Johnston, the last garrison from the plains and on to the Golden West.

The bluffs and woods around McGregor have been scenes of many Indian conferences; many Indian treaties have been

signed there. Indian graves and relics are found to this day. This was the home of the Indian, the hunter, the trapper, the trader, the soldier.

The great advance of progress has not obliterated all those mementos of early times and prehistoric days. On the hills are found prehistoric mounds of the earlier races—so interesting and so important from an archaeological standpoint that Prof. Phoebe, a member of the London Archaeological Society, once expressed the opinion that this region should be preserved from commercialism on account of these historic mounds, and expressed wonder that the American Government had taken no steps to preserve them; that this group of mounds were the most valuable to the archaeologists of any group of mounds in existence.

Maj. Byers once said:

I have seen the Rhine and the Po, the Danube and the Hudson, the Tiber and the Rhone, but on none of these have I seen such entrancing beauty as on the Mississippi between Dubuque and St. Paul. If anyone should ask you what is the most beautiful water scene in all America, answer, it is from a high bluff above the Mississippi at McGregor, Iowa. There is a point just near to the little city that is called Pikes Peak. I climbed up there the other morning with some friends, and after emerging from the wood of splendid oak trees we suddenly beheld a scene such as one rarely witnesses in any land beneath the sun.

The mighty Mississippi lay 400 feet below us, sweeping in all its majesty to the ocean. Looking upstream from our point, the river seemed like a chain of little bright islands and lakes extending as far as the eye could reach. The islands were covered with verdure and hemmed in by oceans of pond lilies. Winding among the islands or dividing itself off into different channels or curves swept the great river, calmly, majestically, just as it has been doing for ages.

Right and left from the lofty bluffs where we stood were other forest-covered bluffs almost as high and beautiful. Opposite us, and beyond the river 5 miles away, stands the Wisconsin wall of the river. At times the bluffs there, too, are high and picturesque. But here at McGregor the supreme grandeur is on the Iowa side. Just below the peak where we stood the beautiful Wisconsin River pours its waters into the Mississippi.

Those things in themselves, from a historical standpoint, should call for the preservation of this portion of our country from the ravages of commercialism. It should be preserved, also, because of its picturesque and rugged beauty. There is no national park in the great Mississippi Valley. Millions of people live within a radius of 250 miles of this proposed park. These people can not visit the Yellowstone. This is as near like the Yellowstone as can be found. It would become the great playground of the Mississippi Valley—a place where thousands would turn for a little rest and recreation from the harassing hurly-burly of our commercial existence. The traveler will view the pictured rocks, the bluffs rising in majesty 400 feet above the Mississippi as it winds peacefully on its course to the sea, little islands with green verdure encircling a lake within the river, dotted with pond lilies—a panorama of dazzling and wonderful beauty. There is no more beautiful spot in this country.

Mark Twain, in "Life on the Mississippi," once said, concerning this part of the river:

The water is a beautiful olive green. The majestic bluffs that overlook the river charm one with the grace and variety of their forms and the soft beauty of their adornments. And then you have the shining river, winding here and there and yonder; its sweep interrupted at intervals by clusters of wooded islands threaded by silver channels; and you have glimpses of distant villages asleep upon capes; and of stealthy rafts slipping along in the shade of the forest walls; and of white steamers vanishing around remote points. And it is all as tranquil and reposeful as dreamland, and has nothing of this worldly about it, nothing to hang a fret or worry upon.

Prof. Brown, curator of the Wisconsin Historical Museum, has taken great interest in the scenery along the Mississippi, and some years ago expressed himself:

In common with many other persons, I have for several years thought that steps should be taken to provide for the preservation to the public of the widely known and appreciated beauty spots, Pictured Rocks and Pikes Peak.

Prof. Trowbridge of the Geological Department of the State University of Iowa pronounced it the most picturesque spot on the river.

This has been called the Switzerland of the Mississippi Valley. It is the duty of the United States to preserve these beauty spots. National parks are national assets. Cities have discovered the wisdom of playgrounds as breathing spots for their people; as a Nation we have recognized the duty to preserve our lakes and forests and waterfalls and geysers and canyons. People are awakened to the value of these things. Our people spend vast sums of money in traveling in foreign countries. Our beauty places would attract just as much as those of foreign countries. These places make for happier lives, more poised existence, better homes, better men, better women, better citizenship.

I trust the people of the Mississippi Valley may awaken to the great possibilities in this proposed national park and lend their assistance to a successful conclusion of the project. All that is asked in the bill is an investigation by the Government of the proposition.



## THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 15455) to establish a United States board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes.

Mr. FLETCHER. Mr. President, the Senator from Iowa has suggested that perhaps there is nothing more to be said on the subject of the shipping bill. If that is so, and the other side is ready to vote on it, I shall not weary the Senate with any remarks on my part. I presume, however, that that observation was rather more facetious than otherwise, and that there will be further discussion of the measure by those who are not in favor of it. Perhaps, in view of that, I would be justified in taking up a little of the time of the Senate in giving some of the reasons which prompt at least some of those who think the pending legislation desirable and efficacious.

## SHIPPING SITUATION IN 1914 AND NOW.

In order to get a proper starting point in this discussion, it seems to me it will be worth while, at the outset of the consideration of the pending bill, to take stock of shipping conditions as they existed prior to the commencement of the European war and as we find them to-day.

The tonnage under the American flag registered for the foreign trade, exclusive of the Great Lakes, on June 30, 1914, comprised 2,405 vessels of 1,076,152 gross tons.

The corresponding tonnage on March 31, 1916, comprised 2,981 vessels of 2,094,534 gross tons.

American tonnage engaged in the coastwise trade on June 30, 1914, was 24,538 vessels of 6,852,536 gross tons—this includes 3,406 vessels of 2,882,922 gross tons on the Great Lakes.

The coastwise tonnage on March 31, 1916, comprised 23,592 vessels of 6,346,825 gross tons. This includes the vessels on the Great Lakes—2,981 of 2,094,534 gross tons.

It will be clearer if stated in the following fashion:

Date.	Registered vessels.		Enrolled and licensed vessels.				Grand total.	
			Great Lakes.		Other coastwise.			
	Number	Gross tons.	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.
June 30, 1914	2,405	1,076,152	3,406	2,882,922	21,132	3,969,614	26,943	7,928,688
Mar. 31, 1916	2,981	2,094,534	3,070	2,751,240	20,522	3,595,585	26,373	8,441,359
Loss equals.	.....	.....	336	131,682	610	374,029	.....	.....

The monthly additions to the American merchant fleet during the current fiscal year from construction in American shipyards and from the admission of foreign-built ships to American registry under the ship-registry act of August 18, 1914, are shown as follows:

Month.	Built in United States.		Foreign built.		Total.	
	Number.	Gross tons.	Number.	Gross tons.	Number.	Gross tons.
1915.						
July	139	16,565	2	2,910	141	19,475
August	94	15,410	4	12,599	98	28,009
September	83	14,301	5	11,776	88	26,077
October	88	17,368	8	19,467	96	36,835
November	70	23,841	3	6,322	73	30,163
December	32	20,307			32	20,307
1916.						
January	48	26,408	1	707	49	27,115
February	44	32,562	3	7,096	47	39,658
March	81	35,494	1	1,388	82	36,882
April	114	25,823			114	25,828
May	114	61,881	7	18,203	121	80,084
Total	907	289,965	34	80,468	941	370,433

Our tonnage in foreign trade has just about doubled since the commencement of the war. Our tonnage on the Great Lakes shows a decline of about 130,000 tons, steam vessels on the Great Lakes having been brought through the Welland Canal to the seaboard to engage in foreign ocean trade, and this movement still progresses; and, finally, upward of 300,000 tons heretofore engaged in our coastwise trade on the seaboard have gone into the foreign trade.

Foreign-built ships admitted to American registry under the ship registry act of August 18, 1914, up to date number 184, of 622,035 gross tons. It should be noted, however, that from March 4, 1915, to March 31, 1916, 128 vessels formerly under the American flag, of 61,342 gross tons, have been sold to foreigners. I attach a list of them, which I ask leave to insert without reading.

The PRESIDING OFFICER (Mr. NORRIS in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

American vessels of 500 gross tons and over sold to aliens from July 1, 1914, to Mar. 31, 1916.

Rig.	Name.	Gross tons.	Foreign flag.	Home port.	Date of sale (quarter).
Steam screw	Matoa <sup>1</sup>	2,311	British	Duluth, Minn.	1914.
Do.	William Henry Mack.	3,781	do.	do.	Sept. 30
Do.	E. M. Peck	1,809	Do.	Do.	Do.
Schooner	Rosefield	685	Spanish	Mobile, Ala.	1915.
Steam screw	Mariska	2,325	British	Duluth, Minn.	Mar. 31
Schooner	Cecilia Sudden	643	do.	San Francisco, Cal.	June 30
Steam screw	Oceana	7,796	Spanish	New York, N. Y.	Do.
Schooner	Iona Tunnell	1,315	Portuguese	do.	Sept. 31
Steam screw	Atlanta	2,094	Mexican	Wilmington, Del.	Do.
Do.	Case	2,278	British	Cleveland, Ohio.	Do.
Schooner	Moravia	1,067	do.	Duluth, Minn.	Do.
Do.	B. L. Pennington	1,142	do.	do.	Do.
Steam screw	Delhi	988	do.	Juneau, Alaska.	Do.
Do.	Oregon	727	Norwegian	New York, N. Y.	Dec. 31
Do.	Morris Adler	2,481	do.	do.	Do.
Schooner	White Wings	648	Portuguese	do.	Do.
Do.	Fanuco	646	Cuban	do.	Do.
Do.	Tuxpan	869	do.	do.	Do.
Steam screw	J. H. Wade	1,863	British	Cleveland, Ohio.	1915.
Do.	M. S. Dollar	4,216	do.	San Francisco, Cal.	Dec. 31
Do.	Pacific	6,034	Norwegian	do.	Do.
Barge	Transcontinental Petroleum No. 71	593	Mexican	Morgan City, La.	1916.
Steam screw	W. B. Morley	1,747	British	Ogdensburg, N. Y.	Mar. 31
Do.	Henry B. Hall	1,152	do.	do.	Do.
Do.	Collinge	1,601	do.	Oswego, N. Y.	Do.
Schooner	Ed. McWilliams	743	do.	Detroit, Mich.	Do.
Steam screw	E. A. Shores, Jr.	519	do.	do.	Do.
Do.	Manila	1,075	Chilean	San Francisco, Cal.	Do.
Do.	Colon <sup>3</sup>	1,530	British	New York, N. Y.	Do.
Total, 29 vessels.		54,676			

## SUMMARY.

Flag.	Gross tons.	Number of vessels.
British	23,713	17
Norwegian	9,242	3
Spanish	8,481	2
Mexican	2,687	2
Portuguese	1,963	2
Cuban	1,515	2
Chilean	1,075	1

<sup>1</sup> This vessel was renationalized in July, 1915.

<sup>2</sup> Schooner-barge.

<sup>3</sup> This vessel was employed on the Pacific coast.

## WHERE EMPLOYED.

Great Lakes: 13 vessels, 22,338 tons.  
Atlantic coast: 10 vessels, 17,854 tons.  
Pacific coast: 6 vessels, 14,484 tons.

Mr. FLETCHER. This list indicates that "private enterprise" is not particularly attracted to the flag. If a good opportunity offers to dispose of a vessel or there is any reason for operating under a foreign flag, the idea of adding to an American merchant marine under the American flag influences very little, if at all. One American concern operates a line of ships, all American owned and financed. Six of their ships operate under the British flag and three under the American flag, transferred since the outbreak of war. Two of their ships were sunk by German cruisers. All 11 were under British flag, but American owned before the war. (P. 116, Senate hearings.)

The tonnage required for our over-seas trade is six to ten million tons. (P. 37, Senate Hearings.) Six million gross tons would supply about 60 per cent of present requirements for handling our foreign commerce (p. 223, Senate hearings), is the view of the Commissioner of Navigation.

At the beginning of the European war we had 2,405 vessels of 1,076,152 gross tons registered for the foreign trade. Some 300,000 tons went from the coastwise into foreign trade. Six hundred and twenty-two thousand and thirty-five tons came into American registry.

So now we have 2,981 vessels, of 2,094,534 gross tons, under the American flag registered for foreign trade, being about one-third to one-fifth of what we require.

The over-seas trade of the world demanded in August, 1914, about 45,403,877 gross tons of merchant shipping. This was the world's steam tonnage, June 30, 1914. The United Kingdom had 8,587 steamers, totaling 18,892,089 gross tons—over 40 per cent. The United States had a little over 2 per cent—1,076,152 tons.

There were other British ships, I presume not steamers, bringing British gross tonnage to 21,045,049.

It is estimated that only about 12,000,000 tons are now available—about one-third of the world's demand.

If the Government supplied, under this bill, 500,000 tons of merchant shipping—though 700,000 tons is more correct according to Mr. Marvin, page 18, Senate Hearings—it would be from 5 to 8 per cent only of what we need. It is difficult to see how that, even if put into competition with privately owned ships, should discourage private enterprise.

Such men as Mr. Franklin, representing large shipping interests, concede that if section 5 of the bill laid the emphasis on naval auxiliaries and Army transports rather than on "commercial requirements," and provided they should be leased or chartered to private concerns, "it would take away from this bill the principal objection, according to my understanding of the steamship interest." (Pp. 105, 110, Senate hearings.) He says further, "A constructive and upbuilding board would be beneficial to the interests of this country." (P. 106.)

He also said, "In a general way, we have no objection" to the powers given the board (p. 91) with respect to the regulatory features.

I mention this particularly in response to the argument of the Senator from Minnesota [Mr. NELSON] that these regulations would be unfair and prejudicial to the upbuilding of a merchant marine. I regard Mr. Franklin as one of the best-informed men in this or any other country on the subject of shipping and all problems connected with it. I believe, too, that while he is identified with the shipowners' side of the question he is public-spirited and sufficiently broad-minded to keep in view as well the public interest.

It is conceded our shipping facilities are wholly inadequate. It may be granted that our merchant marine in foreign commerce is being augmented. It is really astonishing how slowly that has been going on, in view of the enormous profits of the shipping business. A considerable portion of that increase is due to the building of tankers, barges, and ships for and by particular interests to serve their own purposes.

It must be remembered that nearly one-third of the product of our mines, fields, and factories is surplus and must find markets abroad. This surplus will increase. There has been an increase in our exports, exclusive of munitions, during the war in Europe. Our foreign trade has been growing under normal conditions and will continue to grow from the very necessities of the case. It becomes important to treat it fairly by removing insuperable obstacles. It would not be going too far to encourage it a little. Without facilities for our sea transportation it must fight a losing battle. The Government can help somewhat toward the establishment of a merchant marine for the United States, without deterring individual enterprise, but, rather, assisting in the development of fields and routes and by regulations and a grasp of conditions which will contribute to foster and aid individual effort. We can not afford to build walls about the United States—one with no gates opening inward and the other with no gates opening outward. If there must be walls they should have gates opening both ways.

The protective tariff affords one wall. The coastwise monopoly affords the other. We could not prosper at all without openings or gates or depressions in these walls.

One-third of our products must go to foreign markets. We are obliged to have raw materials and manufactured products.

Ships must not go loaded and return in ballast. They must have cargoes both ways.

It is good Democratic principle to favor competition in our markets from abroad. We can find markets abroad for our surplus by increasing our sales abroad, and we will do that by increasing our purchasers abroad. We can not well do either if there are not adequate means of ocean transportation.

If the world's carrying power is insufficient, the volume of the world's over-sea trade must be reduced.

The same is true of any country in the world.

The United Kingdom has taken steps to restrict her imports now because of her lack of merchant ships. To-day 67 ships must do the work of 100 for the United Kingdom, and 21 to 24 of these are neutral foreign vessels.

#### THE WORLD SITUATION.

On June 30, 1914, Lloyd's Register gives the following as to merchant shipping in the countries named:

British, 11,328 ships, 21,045,049 gross tons; Belgian, 182 ships, 352,124 gross tons; French, 1,576 ships, 2,319,438 gross tons; Italian, 1,160 ships, 1,668,296 gross tons; Japanese, 1,103 ships, 1,708,386 gross tons; Russian, 1,254 ships, 1,053,818 gross tons; total, 16,603 ships, 28,147,111 gross tons.

To-day it is estimated that in German, Austrian, and Turkish ports merchant ships of the allies number 143, of 225,802 gross tons. There have been sunk or seriously disabled 330 merchant ships of the allies, of 1,065,869 gross tons.

Cruisers, mines, and explosions have sunk or disabled 179 such merchant ships, of 495,922 gross tons, making a total of casualties and out of business 652 merchant ships, of 1,787,593 gross tons. The Berlin statement brings the total loss for the war up to July 1, 1,303 "enemy merchantmen," of 2,574,205 tons. This does not include merchantmen confiscated in the harbors of the central powers, and it appears that 244 neutral merchantmen have been destroyed, so that it may be fairly assumed that 3,000,000 tons of merchant shipping has been destroyed by the central powers.

On June 30, 1914, the merchant shipping of Austria-Hungary and Germany was as follows:

Austria-Hungarian, 445 ships, 1,055,719 gross tons; German, 2,388 ships, 5,459,296 tons; total, 2,833 ships, 6,515,015 gross tons.

Now, of these ships in neutral ports there are 763 ships, of 2,877,244 gross tons, and in the ports of allies 627 ships, of 4,297,480 gross tons, tied up.

The shipping of neutral nations June 30, 1914, numbered 11,400 ships, of 14,427,426 gross tons.

Of this number, losses have been suffered to the number of 684 ships, perhaps approaching a million gross tons.

An enormous proportion of British tonnage has been requisitioned for war purposes.

"Some months ago it reached 50 per cent. I believe that the right honorable gentleman would be able to tell us that at the present time it is very nearly two-thirds of our total tonnage," said Mr. Peto in the "Debate on the Address," February 17, 1916, the particular subject being "Control of merchant shipping," page 254.

Assuming that two-thirds of 21,055,049 gross tons has been withdrawn from merchant marine service, that means 14,036,609 gross tons. Add to that, also out of service, the Austro-Hungarian and German tonnage, 6,515,015; add also the total tonnage destroyed, estimated, 2,250,000; also the losses of neutrals, estimated, 1,000,000; also merchant ships of allies in enemy ports, 225,802; and you have a total of 24,027,506 gross tons of merchant shipping taken from the world's supply, which approximates, if it does not exceed, one-half of the total world's tonnage at the beginning of the war. This does not include 137 British steamers frozen up in the White Sea, according to the debate referred to later (p. 285). Since that debate, however, it appears these ships have been released, as indicated by this clipping.

BRITISH SHIPS ARE FREED—TWO HUNDRED RELEASED FROM BALTIC PORTS BY NORTH SEA BATTLE.

LONDON, July 10.

As an immediate result of the great North Sea battle nearly 200 British merchantmen have been released from Baltic ports, according to the morning papers.

These ships have been lying idle in Petrograd and other Baltic harbors since the outbreak of the war. They have passed through the Cattegat without interference from German warships and have arrived safely in British ports.

To be sure, since then Japan has increased her tonnage and we have increased ours, but it is doubtful if such increases offset the depreciation and ordinary wastage in the total world supply. Certainly the gaps in British tonnage have not been filled to any extent, for says Mr. Peto, in the House of Commons (p. 255 of debate):

And since the war commenced, although a large number of ships were in course of construction at the time of the declaration of war, practically no progress whatever has been made, and nothing whatever has been done to replace the wastage of war by fresh merchant-ship construction.

He further said:

It is most undesirable to hold up to the population of this country the glowing example of capital earning ten times the amount in freight rates that it was earning before the war commenced (p. 259).

And Mr. Balfour, the First Lord of the Admiralty, said:

The rates are, as has been truly said, not only high but preposterously and dangerously high (p. 264).



It will be remembered that 50 per cent of the excess profits goes to the Government, and an income tax in addition, making about 67½ per cent of the excess profits.

Mr. Shirley Benn said:

Our mercantile marine, as we all know, has helped to make our country what it is. It has not only made us the great overseas carrying country of the world but it has built up our trade in ports all over the world, and has maintained it. Every ship that is requisitioned and taken away from the ordinary carrying trade of our country means a diminution of our trade, something which the Chancellor of the Exchequer must view with alarm (p. 261).

Mr. Houston said:

We depend on ships not only for our Empire but for our existence (p. 279).

One remedy proposed in this debate was "the employment of German ships." There was some talk of purchasing German ships (p. 288). I have little doubt but the allies would be glad to have us purchase German ships if they were offered. This debate gives every evidence of that. It was pointed out that an expeditionary force takes up 4 tons of shipping for every man sent out. The general complaint was that 70 per cent of the British mercantile marine had been requisitioned by the Admiralty (p. 287), and "we are now becoming dependent upon neutrals for our food supply" (p. 278). Sir Joseph Walton, however, claimed that "a shade over 30 per cent of the mercantile supply had been commandeered" (p. 293). Argentine, Spanish, American, and Italian steamers are being chartered by English shipping firms to carry on the work which their own steamers could do had they not been requisitioned (p. 286). There are some 2,500 such firms. Apparently shipowners were not without representation in the House of Commons. This debate is very interesting and illuminating. For instance, Mr. Hogge says (p. 303):

From the figures given by the Statist I find that the freights between the River Plata and the United Kingdom, which in 1914 was 13s. 6d., are now 113s. 6d., or an increase of 1,000 per cent. From the Atlantic ports the increase amounts to 796 per cent, and that, roughly taking the all-over figures, the increase is something like 800 per cent above what they were.

Mr. Hogge frankly said, further:

I say to the president of the board of trade that if he restricts the employment of British ships between foreign ports—of course I know how it may be excused—what is going to happen? You are not only going to lose invisible exports, but you are going to lose a great deal more, because if the British ships can not carry on that trade, who is going to carry it on? The neutral ships between New York and Buenos Aires will cut into the trade which has been built up by British industry, by British sagacity, and British shrewdness. It stands to reason that if that trade by neutrals is continued for a year or a couple of years, or as long as the war lasts, every British shipowner will have to fight for it after the war is over. The neutral will be in possession, and he will be able to fight with more muscle and determination than formerly, because he is now getting access to a source of capital which he never had before, but which will enable him not only to maintain the trade but to buy new ships and trade under better conditions and offering better terms (p. 305).

He reasons that—

America . . . will probably be one of our greatest financial competitors in the future (p. 307).

The president of the board of trade, Mr. Runciman, made reply, saying, "We are trying at this time to pour a quart into a pint cup," referring to the problem of management and control of merchant vessels (p. 308). He did not care to state the tonnage of merchant vessels under requisition by the Government, but "we may take it that it is a very considerable part of our mercantile marine," and he stressed that—

The task thrown upon us is not only that of feeding this country but of keeping Italy, France, and Russia supplied (p. 310).

Where a hundred vessels were required before the war they are now attempting to do that same trade with 67 vessels, and out of that 67 something like 21 to 24 are neutral foreign vessels (p. 309).

While the British ships (transfer restriction) act was not passed until March, 1915, "We had, as a matter of fact, been exercising these powers from the first week after the outbreak of the war," he said (p. 312).

It is made plain in this debate that one reason why our grain has fared as well as it has is because we are nearer Liverpool than the other great grain-producing countries, and the shortage of ships has up to this time helped us in respect to food products, because whereas it was 3,000 miles to us, it was 12,000 miles to Australia, and 6,000 miles to Argentina, and as one ship had to do the work of two or three in normal times, it was economy to send that ship here—but note what Mr. Runciman further said, speaking of the transport department (p. 315):

They certainly managed the requisitioning for food supplies so well that the only trade in the world where there has not been an abnormal rise in the rates of freight has been that very trade which they for the time being controlled. Now, in order that that work may be extended, we have asked them to do for the Argentine and River Plata trade what they have done for the North Atlantic trade. In the first

place, they have diverted ships in connection with the North Atlantic trade, for it is the nearer trade; you can make better use of your tonnage and get a larger amount of goods into this country for a smaller expenditure of shipping. Now, when the North Atlantic trade for various reasons is well supplied, and there are some people in America who seem to think we can not go elsewhere, it is just as well that we should start requisitioning for the River Plata and the Argentine, so providing that Argentine, Australian, and Indian grain would come into competition with the grain of the northern States of America.

Is there no food for thought in this for our wheat-growing friends?

Mr. Runciman further said:

The control (by the Government) of shipping is now so wide and so adequate that there is no vessel which can go and trade anywhere without permission of one kind or another. The last gap in that control is filled up by the licensing committee having to license vessels, not only those which run between foreign ports, but also those which run between this country and allied countries (p. 217).

The merchant yards all over England and Scotland have been "used for naval purposes, while merchant vessels have been laid on one side," but 145 vessels are being hurried away and another 140 will be declared "war work," for, he says, "We have come to the conclusion that the increase of our mercantile marine is just as necessary as warships," and he concluded with an appeal to take no steps that "would cripple us in adding to the merchant navy, immediately the war is over, so as to enable us to compete with our competitors and to build up at once the auxiliary fleet on which now our empire mainly depends." (P. 325.)

It is unnecessary to cite other authority to strengthen the effort we are now making to acquire ships. I am tempted, however, to quote from another member taking part in that debate, Mr. Pringle, as follows:

Before the American Civil War, America had a considerable portion of the Atlantic trade. She lost it during the war and has never got it back. . . . They will get it back now. When people speak of capturing German trade and of the necessity of fighting Germany after this war they cast their eyes on the wrong part of the map. It is on the other side of the Atlantic that we have to look for dangerous competition. We may see there the financial center of the world; we may there also see our most serious rivals in shipping. The trade between the Plata and New York is now almost entirely in American hands. I have been told by a man who ought to know that a single firm, which has practically only got into the trade since the beginning of the war, has made £1,800,000 in that time. What is the result? They are adding to their fleet and buying ships as fast as they can. They are making great profits. The United States is not taking their excess profits, so that they are able to put them into new ships. It is new ships all the time. What will be the situation at the end of the war? They will not have a heavy income tax, but they will have all these resources; they will be able to carry all these goods for practically nothing when the British shipowner tries to get back his own trade and when the British shipowner will have to bear an income tax of 5s. to 7s. 6d. in the pound—(An honorable Member: "Plus the super-tax!") If he is lucky enough to earn supertax. Under these conditions will it be possible to regain that trade?

This indicates what our friends across the ocean realize is the situation on their part and what they assume we will have sense enough to do on this side.

The remedy decided upon by the Government in February, on the principle that high freights are due to the fact that the supply falls short of the demand, was to place restrictions upon imports. The first imports to be affected were paper, paper-making materials, tobacco, dried fruits, furniture woods, stones, and slates. Orders in council were issued prohibiting the importation into the United Kingdom of any article which came under the general head of "luxuries." Among the articles prohibited were motor cars for private use, musical instruments, cutlery of all kinds, hardware, cotton and woolen manufactures, chinaware, fancy goods, and soaps.

#### SHIPPING COMPANIES' PROFITS.

The Statist of April 29, 1916, gives the following figures:

Frederick Leyland & Co.: For the year ended December 31, 1915, the profits of this line, after deducting expenses, debenture interest, and excess profit duty, etc., were £1,441,690, on a total capitalization of £2,614,350. The fleet consists of 45 steamers, with an aggregate gross tonnage of 283,651 tons. It is pointed out that "the directors regret the loss of some steamers, but do not propose making any statement in regard thereto at the present time."

Elder Line: This fleet consisted of 23 steamers, with an aggregate gross registered tonnage of 72,119 tons. This well-known Liverpool company has an authorized capital of £1,000,000. For 1915 it made a trading profit of £74,947.

British & African Steam Navigation Co. (Ltd.): This company has a fleet of 38 steamers, with a gross registered tonnage of 113,416 tons. The authorized share capital is £1,000,000. For 1915 the company showed a profit of £104,022.

Imperial Direct Line: This company has six steamers with an aggregate gross registered tonnage of 34,024 tons. The authorized share capital is £500,000, of which £300,000 has been issued. In 1915 it made a profit of £63,381.

According to the British Trade Journal of May 1, 1916, the Moor Line records a profit of £374,000, of which £150,000 is added to the contingency fund, £100,000 to reserve, and £85,250 to pay a dividend of 25 per cent.

The Caion Line paid a dividend of 30 per cent and carried £11,800 "forward."

The Redcroft Line paid a dividend of 20 per cent, placed £35,000 to reserve, £55,000 is reserved to cover income tax and excess profit duty, all on a capital of £100,000.

Cases are cited in numbers like this—the four-masted schooner *T. W. Dunn*, normally worth £1,000, was bought recently for £2,500, and chartered for £5,000 to take to Bordeaux a cargo of lubricating oil.

Tramp steamers which in normal times were sold for £30,000 are now being bought at £80,000 to £100,000 each.

Whereas in 1914, the United Kingdom built 1,722,000 tons of shipping; in 1915, the total was only 649,000 tons.

The British Dominions overseas built only half the tonnage in 1915 they built in 1914.

The rest of the world built 1,694,000 tons in 1914 and only 989,000 tons in 1915.

Denmark and Norway are about the only countries that added to their tonnage output in 1915 over 1914.

Mr. Archibald Hurd has shown that between the outbreak of the war and January 22, 1915, no fewer than 2,193 ships, with a total tonnage of 3,774,319, have been detained, captured, or destroyed.

To these must be added the ships requisitioned by Governments for naval and military work.

It is shown that Australia had a surplus of 3,000,000 tons of wheat available for export, and up to the end of March only about 500,000 tons had been shipped or contracted for shipment, owing to the scarcity of ships.

"The remedies are obvious," says the *British Trade Journal*. "Enemy tonnage in the allied and in neutral countries should be employed and shipyards must be kept at work, night and day, and the Government must be asked whether some of the requisitioned ships can not be released from time to time to assist the world's trade."

Mr. Cuthbert Maughon, in the *Quarterly Review* (London), April, 1916, discusses at length "the shipping problem," indulging in such expressions as these: "But the British Nation is now wide-awake and realizes at last that an efficient mercantile marine is just as important in its way for this country as a magnificent navy" and "the whole of the mercantile marine has found a place in the nation's heart which it never had before."

#### NEED OF AMERICAN SHIPPING IN SOUTH AMERICAN TRADE.

With reference to the subject of our trade with South America, it is one of the most inviting fields, and the demand is that there shall be some provision made for affording transportation facilities in order that we may take advantage of the opportunities which have been created to a very large extent by conditions in Europe.

The Federal Trade Commission, which is engaged in an investigation of foreign trade conditions, recently sent an agent to several of the South American countries. He found, especially on the east coast, a number of instances where the lack of adequate shipping to carry American goods was working great hardship to the American manufacturer and numerous instances where European goods at the present time are able to enter the South American markets on much more favorable shipping rates and with assurance of prompt deliveries.

Investigation made in South America clearly shows that for a number of years before the war all except one of the steamship lines between New York and Brazil and River Plata ports have been in a combination known as the conference agreement. The principal feature of this agreement is the payment of a rebate of 10 per cent on the amount of freight paid by any shipper who confined his shipments solely to steamers in the conference agreement. Payment of the rebate is made at six months' intervals, the settlement always being deferred for six months after the period covered by the payment. It was stated by various informants in Brazil that the conference agreement ceased to be operative about the first of 1916 for trade between Brazil and the United States ports. It was in operation as late as March, 1916, for three of the lines between River Plata ports and the United States, the three lines being the Lamport & Holt, Prince, and Barber Lines. Before the war there were also some other lines in the agreement. The effect of the conference system of rebates on the shipper, together with the certainty of prompt and regular service which existed before the war, was to give the conference lines practically a monopoly of all transportation of goods between the United States and the east coast of South America. Notwithstanding the much lower rates offered by occasional tramp steamers, no shipper who had regular shipments to make could make use of them without losing his conference-line rebate privileges, and so being obliged to pay a higher freight on those lines than his competitors enjoyed.

The power which the "conference" lines are exercising to-day in the United States River Plata trade through their rebate system in exacting higher rates from shippers who must use their lines regularly is shown in the following incidents. A shipper of sheepskins to the United States was offered a rate of \$25 per ton on an independent boat. The shipment actually went forward, however, at a rate of \$40 per ton on a conference line boat, as the accumulated rebate that would be forfeited to the conference lines would be much in excess of the amount saved on this shipment. Another shipper, who had a low-grade chemical product to ship, and who was not a regular shipper, was able to get a rate of \$35 per ton on an independent steamer instead of the \$60 per ton asked for by the conference lines.

Not only has the trade between the United States and the east coast of South America been hampered by the practical

monopoly exercised over it by the conference lines by forcing such trade to pay much higher rates than had there been competition, but there has been a further burden laid on it through the discrimination made in giving European goods to the same ports much cheaper rates over their lines. The following instance illustrates how, even before the war, the conference-line monopoly of the situation was used to the disadvantage of American trade. When Brazil granted by means of a preferential tariff lower duties on certain classes of imports from the United States, such as cement, an article on which the freight from Europe was much lower than from the United States at the time when the preferential duties went into effect, the conference lines raised their rates from the United States to Brazil an amount sufficient to absorb the advantage which Brazil sought to give American manufacturers. This action by the conference lines resulted in protecting the European cement manufacturers in their control of the Brazilian markets through their lower freight rates.

Of many examples encountered in Montevideo and Buenos Aires of the discriminatory freights in force at the present time against American trade the following may be cited: An importing firm in Buenos Aires placed duplicate orders for shipments of iron chains, one order going to the United States and the other to England. Both shipments went forward in December, 1915, over conference line steamers. The freight paid on the English shipment was at the rate of \$13.25 per ton, that on the American shipment \$31.25 per ton. Another firm, importing hosiery, had to pay freight at the rate of \$23 per 100 cubic feet for a shipment made in September, 1915, from New York, while in November, 1915, notwithstanding that there was a general increase in ocean freight in the interval, a shipment of hosiery was made from Liverpool at the rate of \$15 per hundred feet.

The effect of the high freight rates on the delivered prices of commodities, especially on those which are bulky in proportion to value, can readily be understood. Importation of those articles is restricted to the amount which is absolutely necessary. And when the freight on the article shipped amounts to from one to four times the price of the article at point of shipment, and the much lower rate from Europe is considered, the difficulty of securing American trade under the present conditions can be appreciated. And to make conditions worse, there is the difficulty in getting ships to carry American goods, even at the discriminatory rates.

Managers of firms engaged in importing goods both from Europe and the United States gave specific instances of the hampering of their trade in American goods through inability to get deliveries. They got prompt shipment from Europe on similar lines still obtainable from there. It was pointed out that various articles urgently needed for consumption can more readily be secured at much lower freight rates from Great Britain, France, Italy, and even Germany—through neutral countries—than from the United States. As the situation is understood by these men the control exercised over the British mercantile marine by the British authorities determines the shipping rates, regulates the chartering of ships, determines who shall be allowed shipping facilities, prescribes the extent of their shipments, and enforces the compliance of certain conditions regarding destination and the subsequent use which the consignee can make of the goods. It is widely believed by Americans who are intimately connected with importing houses which are doing a large business in American goods on the east coast that the measures taken by the interests which at present control the movement of the British mercantile marine go beyond the limits warranted by military necessity and are being used to hamper, in the interest of British foreign trade, much of the American trade that threatens to become thoroughly entrenched in the foreign markets.

For example, during February, 1916, a large coal consumer in Buenos Aires sought to place an order for coal with an important American colliery. The American firm named an attractive price, but was not able to charter a boat which would make delivery in time. Yet on the same day, in spite of the restrictions then in force on the exportations of coal by the British authorities, the Argentine firm was offered three cargoes of coal then being loaded in Wales. There was no scarcity of colliers obtainable to carry British coal. Great numbers of British freighters are coming out to South America in ballast or with part cargoes, the high rates on eastbound cargoes paying them large profits on this one-way traffic. Were some of these boats permitted to cross the Atlantic to the United States, they could bring down full cargoes at high rates, and the American shipping situation would be somewhat alleviated. Before the war the conference lines, when fighting a line of independent steamers, would send out a steamer half loaded from Liverpool to



call at New Orleans for cargo taken at a cut-rate freight charge to Buenos Aires, so as to prevent an independent steamer from getting a full cargo from the United States to Buenos Aires. Instead of routing steamers from England via the United States to-day, the conference lines are constantly cutting down on their American service by withdrawing steamers from it for their trans-Atlantic lines.

It is perfectly well known that foreign nations have used their ship lines for the direct upbuilding of their foreign trade. German steamship lines have maintained service continuously for years to certain parts of the world in which the existing German trade did not pay for the maintenance of the service, but the presence of these transportation facilities, the assistance offered by the steamship lines, and the encouragement of the German Government have resulted in a rapid development of German trade into these markets. Thus the steamship lines were used as a medium through which the German foreign trade was directly increased. At Colon one of the finest concrete buildings is the Hamburg-American's new structure, just completed and furnished when the European war came. They were preparing to utilize the Panama Canal on an extended scale.

Foreign nations which have had large merchant fleets under their own flag have been enabled to take care of their foreign business during the stress of the war conditions. They have not only protected the foreign business of their citizens, but they have been enabled to take full advantage of the opportunities for new business. Thus American exporters have been informed by British lines running from Canadian ports that Canadian cargoes would be given preference in all demands for space, and that American shipments would only be taken after the requirements of Canadian shippers had been satisfied. Similarly the Japanese Government has required Japanese steamship interests to give preference to Japanese demands for cargo space, and has kept the freight charges to Japanese on a reasonable basis. By these entirely proper and sensible requirements Japanese firms have been saved much interruption of business and have been able to extend their trade over seas. In the meantime American houses have been unable to obtain cargo space across the Pacific, and thousands of tons of freight have been piled on the docks awaiting shipment. (See commerce reports for Sept. 30, 1915, pp. 1523-1528.)

The success of the British export trade in coal depends directly upon more favorable shipping rates to South America, the Mediterranean, and other markets. Coal is mined in the United States much cheaper than in either Great Britain or Germany. It can be put down on the docks at tidewater along our Atlantic coast much cheaper than it can be placed on the docks of the North Sea or the South Wales ports, but the lower freight rates from Great Britain to South America offset the advantage which American coal normally should enjoy. This difference could be remedied by steamship lines running from the United States to South America.

What has just been said of coal applies with equal force to cement. South America, particularly the east coast, imports large quantities of cement as well as coal. This is also a heavy commodity which must move on low freight rates. England, Germany, and Belgium before the war had the bulk of the South American trade, notwithstanding the fact that more favorable producing conditions in the United States permit American producers to manufacture cement at equal, if not at lower, costs than any important European producers. They enjoyed this trade primarily because of the lower shipping rates available from European ports.

In considering the possible traffic which might furnish cargoes north and south, it may therefore be understood that with proper shipping facilities, which would insure regular and prompt deliveries at freight rates equaling those from Europe, our coal and cement operators would furnish the bulk traffic southward, which would be necessary for the economical operation of service. This bulk traffic would assist in keeping the freight rates low on the higher-grade commodities, such as manufactured articles of all kinds, which are certain of a greatly increased sale in South America whenever those markets are rendered accessible. There is thus no reason to doubt that plenty of tonnage will be offered for shipment south. On the return voyage it is equally reasonable to anticipate an excellent business. The United States is constantly buying more and more of South American raw materials and food products. This Nation consumes more than half the world's rubber, and could take the entire production of the Amazon Valley. It needs great quantities of South American hides and wool. It takes heavy tonnages of Chilean nitrates. American capital is developing copper and tin mines in Chile, Peru, and Bolivia. The ore or mineral from these mines will be shipped to the United States for refining. Moreover, important American interests have

secured large holdings of iron ore in South America on both the east and west coasts. In some cases these holdings are being developed. This ore is to be shipped to blast furnaces and rolling mills along our Atlantic coast. Thus rubber, hides, wool, coffee, nitrate, tin, copper, and iron ore may be relied upon to furnish an increasing volume of return tonnage.

#### TRADE WITH SOUTH AMERICA.

The meeting of the International High Commission in Buenos Aires April 3-15, last, was successful and important in every respect.

It brought the representatives of the best thought and highest aims of Pan America into close touch, advancing the social and business relations while moving toward the solution of economic and governmental problems.

It gave opportunity for personal observation of conditions and first-hand study of possibilities.

Just a glance at a few general facts suffices to show that, so far as commerce is concerned, there is existing a very considerable volume between the countries of South America and the United States; there is in waiting a much larger volume, and the future holds in store, ready for development, a trade no one dare estimate in tonnage or in dollars and cents.

Take, for illustration, Brazil, with a population of 24,000,000, and a territory larger than the whole of Continental United States; with a climate varying from tropic to temperate; yielding products, including rubber, coffee, cotton, tropical fruits, in the northern and central portion, and grain, hay, and live stock in the southern; minerals in her mountains, from finest stones to iron ore, in unexplored quantities.

Her exports in 1914 were valued at \$221,469,480 and her imports at \$165,556,950.

Take Argentina, with a climate from semitropical in the north to frigid in the south, and a soil capable of supplying every need of man and beast. The luscious grapes of Mendoza, at the foot of the Andes, contrast with the products of Patagonia. The wheat, corn, hay, and live stock of the vast pampas lands, level, fertile, and readily cultivated, constitute a permanent source of great and expanding wealth.

Her exports for 1914 were valued at \$468,999,410 and her imports at \$408,711,966.

The principal cities of these two immense Republics are Rio de Janeiro, with a population of 1,500,000 and Buenos Aires, with a population of 1,700,000. Rio is beautiful and picturesque, overlooking her magnificent land-locked harbor and bordering on the Atlantic.

"B. A.," commonly called for brevity, is beautiful and more Parisianized, extending along the broad Plata River, which flows on eastward 150 miles to Montevideo, where it is 119 miles wide, and thence some 15 miles farther to mingle with the Atlantic Ocean.

We are the largest purchasers of Brazil's coffee and rubber.

We are the largest purchasers of Argentina's hides and wool. I need not mention other products.

They need our coal and cement in enormous quantities. I am speaking of bulk traffic mainly.

They need our manufactured products, like cotton goods, machinery, wire, and numerous other commodities.

We have never had our share of this trade. We have never been in position to cultivate and develop it heretofore. Before the unprecedented catastrophe in Europe the traffic moved eastward across the Atlantic. There were controlling reasons for that. European capital had invested heavily in these countries. There were many European settlers of the best type, with capital and energy, actively engaged in various enterprises and in promoting that connection. Means of communication with Europe were quicker, more certain and efficient than with the United States. The distance from Buenos Aires to Falmouth, England, is about 5,700 knots. It is about the same from Buenos Aires to New York. Ships made regular sailings, covering the former distance in 14 days, while, with some irregularity, it required 24 days to cover the latter.

Better ships, better facilities, operated to Europe, with a saving of 10 days' time each voyage; and is it any wonder that trade moved in that direction?

Again, European branch banks were doing business all over these countries, while, until the Federal reserve act was passed, we were unable to establish a branch banking institution whereby financial transactions could be expeditiously handled there.

Now, what is the situation? Old commercial ties have been severed. New connections must be made. Argentina's wheat is rotting in the fields because there are no ships to carry it. Going from Buenos Aires to Mendoza we passed through that rich pampas country, and I observed immense stacks of sacked

wheat in the fields, and inquired of the president of the railroad company why it was not being shipped. He said:

The railroad can not move it, because we have 700,000 tons now loading down our warehouses and sidings at our terminals, and we have no place to put it.

That wheat was wanted in Europe at higher prices than it had known for years, but there were lacking means of getting it to market. I found people dredging the river for the coal which had fallen overboard while the ships were unloaded at Buenos Aires in past years. It was worth \$28 per ton. I made some inquiry about freight rates, and was told that in normal times the freight on coal from New York was 16 to 20 shillings per ton—it was now 102 shillings per ton. On belting and leather the freight from New York to Buenos Aires had been \$7 per ton, but the last invoice showed \$40 per ton, and notice had been given of a further increase of 50 per cent over that.

General merchandise which had paid 18 cents per cubic foot now had to pay 67½ cents, and notice had been given that in 10 days the rates would be \$1.30. Drugs had to pay \$1.30 per cubic foot, plus 35 per cent of value. A contract for cast-iron pipe, sufficient to lay 400 miles, had just been let to competitive bids. American manufacturers were the lowest bidders, f. o. b., but Liverpool and London people got the contract because they were able to fix the freight rate, and at a much lower figure than the American concern could arrange.

No argument is required, in the face of these facts, to convince anyone that the real need to enable us to hold the trade we have and extend it is control of the means of transportation.

The commerce is there. Our financial institutions have taken hold. The disposition of the people is to establish relations with us. There are 6,000 miles of high seas between us. The moving bridge is all that is required. How will that call be answered?

There are some details which might be borne in mind.

For instance, April here is the beginning of fall in Buenos Aires. Even though many of the products we grow are grown there, inasmuch as theirs are ready for market after our season is over, or vice versa, we are in position to trade in the same products.

The joint commission accomplished much toward bringing about uniformity of laws which will assist commerce. The customs laws, for instance, will doubtless undergo modifications to the advantage of all the countries.

For example, Brazil imposes a duty on automobiles of \$300 per machine, no matter what its value.

We observed in the streets of Rio many fine French and Italian automobiles, but seldom saw a low-priced American make.

In Uruguay, that ambitious and prosperous little—as compared to Brazil and Argentina—Republic, full of patriotism, intelligence, and progress, with Montevideo, its principal city, having a population of about 500,000, and one of the prettiest and most enterprising cities of the world, the duty on automobiles is 14 per cent of the value. There we saw many American machines, and Mr. Shaw, the agent, can tell you the Ford is having a great run.

American capital is developing copper and tin mines in Chile, Peru, and Bolivia. The ore or mineral from these mines will be shipped to the United States for refining. In fact, American interests have secured large holdings of iron ore on both the east and west coasts and they are being developed. There are the nitrates of Chile, also. We want the raw products of every Latin-American country—they want our manufactured goods. There would be no difficulty in finding cargoes in increasing volume both ways—to and from both coasts. Shipping facilities insuring regular and quick service at reasonable rates, which would be profitable, would shift the important routes of trade from east and west to north and south.

As an illustration of present tendencies and opportunities, let me instance the alterations occasioned by the European war in the usual routes of Argentine foreign trade since 1913.

I have here a list of articles which indicate the principal goods and products imported into Argentina from the United States and a comparison between the years 1913 and 1915, which I should like to insert in the Record without reading, if there is no objection.

The PRESIDING OFFICER. The Chair hears no objection. The matter referred to is as follows:

SOME OF THE PRINCIPAL GOODS AND PRODUCTS IMPORTED INTO ARGENTINA FROM THE UNITED STATES, AND A COMPARISON OF PROPORTIONS BETWEEN THE YEARS 1913 AND 1915.

Coal: Of the total imports in 1913 the United States furnished 1.3 per cent and in 1915 23.5 per cent.

Naphtha (impure): The United States furnished in 1913 85.6 per cent and in 1915 41 per cent.

This decrease is due to the fact that in 1913 Mexico furnished 11.1 per cent and in 1915 58.8 per cent.

Hydraulic clay: The United States furnished in 1913 1.5 per cent and in 1915 9.1 per cent.

Galvanized iron, in 1913 4.7 per cent and in 1915 26.5 per cent.

Pig and sheet iron, in 1913 7.1 per cent and in 1915 78.5 per cent.

Steel rails, in 1913 26.1 per cent and in 1915 61.7 per cent.

Machinery (various kinds): The United States furnished in 1913 13.5 per cent and in 1915 31.9 per cent.

Automobiles, in 1913 19.3 per cent and in 1915 73.1 per cent.

Railway material, in 1913 5.3 per cent and in 1915 8 per cent.

Most of the railway material, including railway wagons and locomotives, have been obtained from the United Kingdom.

Wire and cable for electric purposes: The United States furnished in 1913 2.5 per cent and in 1915 14.3 per cent.

Wrought iron, in 1913 5.3 per cent and in 1915 10 per cent.

Iron girders, in 1913 1.5 per cent and in 1915 41.3 per cent.

Cleaned rice, in 1913 practically nothing and in 1915 11.1 per cent.

Spruce, in 1913 50.6 per cent and in 1915 31.3 per cent.

Canada having gone from 30 per cent in 1913 to 62 per cent in 1915, shipping facilities no doubt favored Canada.

Furniture: The United States supplied in 1913 25.1 per cent and in 1915 41.8 per cent.

Spare parts for machinery, in 1913 29.1 per cent and in 1915 35.3 per cent.

Spare parts for carriages and automobiles, in 1913 4.4 per cent and in 1915 13.8 per cent.

Lubricating oils, in 1913 56.8 per cent and in 1915 80.6 per cent.

Galvanized wire, in 1913 23.3 per cent and in 1915 93.7 per cent.

Petroleum, in 1913 99.9 per cent and in 1915 same.

Galvanized iron pipes, in 1913 12 per cent and in 1915 80.9 per cent.

Patent medicines, in 1913 11.4 per cent and in 1915 16.6 per cent.

Cotton socks, in 1913 0.2 per cent and in 1915 38.4 per cent.

Reapers, in 1913 34.7 per cent and in 1915 63.1 per cent.

Sheet glass, in 1913 0.9 per cent and in 1915 27.4 per cent.

News print paper, in 1913 35.9 per cent and in 1915 57 per cent.

Watches, in 1913 practically nothing and in 1915 5.6 per cent.

Spun cotton: Unbleached, in 1913 4.4 per cent and in 1915 59.3 per cent.

Sisal twine, in 1913 92.2 per cent and in 1915 99 per cent.

Iron pipes other than galvanized: United States furnished only 7.6 per cent, but this is largely due to the more favorable freight rates and facilities of the United Kingdom.

Household utensils, in 1913 4.1 per cent and in 1915 14.2 per cent.

Thrashing machines, in 1913 63.1 per cent and in 1915 60.1 per cent.

This falling off is due to the increase from Canada, which has gone from practically nothing in 1913 to 37.6 per cent in 1915.

Iron and steel manufactures, in 1913 14.1 per cent and in 1915 14.5 per cent.

The United Kingdom supplying most of this material undoubtedly because of better shipping facilities and more favorable rates.

Steel fishplates, in 1913 20 per cent and in 1915 70.4 per cent.

Cotton goods, in 1913 practically nothing and in 1915 5.8 per cent.

Bolts and nuts, in 1913 24.3 per cent and in 1915 43.5 per cent.

Plows, in 1913 91.8 per cent and in 1915 97 per cent.

Pianos, in 1913 4.8 per cent and in 1915 31.3 per cent.

Paper for printed matter, in 1913 0.8 per cent and in 1915 26.2 per cent.

Malt, in 1913 practically nothing and in 1915 32.8 per cent.

Sewing machines, in 1913 59.2 per cent and in 1915 89.5 per cent.

Tin plate, in 1913 5 per cent and in 1915 70.5 per cent.

Cotton oil, in 1913 99 per cent and in 1915 99.2 per cent.

Dynamoes and electric motors, in 1913 practically nothing and in 1915 11.6 per cent.

Copper manufactures, in 1913 11.4 per cent and in 1915 19.5 per cent.

Unbleached cotton goods, in 1913 2.7 per cent and in 1915 4.3 per cent.

Tramway material, in 1913 nothing and in 1915 5.7 per cent.

Boilers, in 1913 1.4 per cent and in 1915 9.7 per cent.

Colored cotton yarn, in 1913 0.1 per cent and in 1915 30 per cent.

Glassware, in 1913 negligible and in 1915 5.8 per cent.

Colored cotton goods, in 1913 negligible and in 1915 6.2 per cent.

Electrical material, in 1913 negligible and in 1915 4.1 per cent.

Boots and shoes, in 1913 43.7 per cent and in 1915 61.4 per cent.

Steel ingots and sheets, in 1913 2.9 per cent and in 1915 47.3 per cent.

Staves and empty casks, in 1913 88.9 per cent and in 1915 91.7 per cent.

Iron and steel wire other than galvanized, in 1913 40.2 per cent and in 1915 93.7 per cent.

Iron columns, in 1913 6.3 per cent and in 1915 52.1 per cent.

Painters' colors, in 1913 17.3 per cent and in 1915 26.1 per cent.

Sacks for packing meat, in 1913 negligible and in 1915 32.9 per cent.

Motors, various kinds, in 1913 58 per cent and in 1915 70.2 per cent.

Of the exports from Argentina, the United States took of the total as follows:

Maize, in 1913 1.9 per cent and in 1915 2.1 per cent.

Linseed, in 1913 10.2 per cent and in 1915 25.7 per cent.

Wool, in 1913 7.4 per cent and in 1915 44.1 per cent.

Frozen beef, in 1913 negligible and in 1915 11 per cent.

Salted ox and cow hides, in 1913 16.6 per cent and in 1915 71.5 per cent.

Dry ox and cow hides, in 1913 50.7 per cent and in 1915 72.7 per cent.

Tallow, in 1913 negligible and in 1915 1.7 per cent.

Sheepskins, in 1913 0.7 per cent and in 1915 11.7 per cent.

The United States is the largest purchaser of quebracho logs, but the exportation has fallen off to some extent, no doubt by reason of the excessive freight rates. The same is true of extract of quebracho, except that the United Kingdom has greatly increased its purchase of this material. It may be that shipments are made to the United Kingdom which find their way to the United States by that route.

Frozen mutton, in 1913 negligible and in 1915 15.9 per cent.

Horsehair, in 1913 25 per cent and in 1915 44.6 per cent.

Goatskins, in 1913 90 per cent and in 1915 98 per cent.

Bones, in 1913 54.6 per cent and in 1915 77.5 per cent.

Sundry frozen meats, in 1913 0.9 per cent and in 1915 23.6 per cent.

Dry horsehides, in 1913 5 per cent and in 1915 94.7 per cent.

Nutria skins, in 1913 negligible and in 1915 93.8 per cent.

The United States took most of the tanned sheepskins in 1913, and in 1915 98.7 per cent.

Caseln, in 1913 18.4 per cent and in 1915 71.5 per cent.

Mr. FLETCHER. This list shows a very marked increase in the quantity of imports from the United States to Argentina



and in the quantity of exports from Argentina to the United States since 1913.

I have only mentioned some of the principal articles.

I have also resolutions from a section of the Joint High Commission in respect to the necessity of shipping facilities in the promotion of our trade with Latin American countries. I will ask to have that inserted.

The matter referred to is as follows:

The United States section of the International High Commission, after the conference last April in Buenos Aires, unanimously joined in the following report regarding the shipping situation:

WASHINGTON, D. C., May 8, 1916.

So important did the members of the United States Section of the International High Commission find the shipping question in South American countries that they deem it their duty especially to report the statements brought to their attention by residents of the countries visited as well as by members of the commission from the Republics of Central and South America attending the Buenos Aires conference.

Without exception, in every country we found the shipping question uppermost in the minds of Government officials, bankers, and business men. Practically every business man with whom the members of the commission discussed conditions emphasized the absolute need of greatly increased ocean tonnage, while the members of the American colonies in the various cities sought every opportunity to impress upon the members of the commission the importance of action at the earliest moment to improve conditions.

It was pointed out repeatedly that under the normal circumstances preceding the war the operation of many lines to European countries for both passengers and freight, making the trips in less time than steamers plying to the United States, gave Europe a great advantage in the sale of merchandise, not only because of the larger tonnage available and quicker service but because of the lower freight rates enjoyed. Representatives of the American business houses declared that it would be very difficult to extend American trade with such a handicap.

As a result of the war, the cost of ocean tonnage to South American ports has increased enormously, and instead of an improvement in the conditions the fear seems to be well grounded that they will become worse. As an illustration of present rates, it may be stated that before the war the rate on coal from the United States to Buenos Aires was 16s. to 20s. per ton; for a considerable time recently it has been 102s. 6d., and on occasions the rate has been as high as 120s. As a result coal has been selling in Buenos Aires at \$28 to \$30 a ton, nearly \$25 of this price being represented in freight payments. Before the war it sold in cargo lots at \$7.75 to \$8.

Rates on hardware, drugs, paper, and general merchandise have increased in like proportion, and notices of general advances approximating 50 per cent additional were given to Buenos Aires houses about the middle of April. Even at these prices immediate acceptance of cargo space was necessary. We are advised bottoms are available in very much larger proportion from Great Britain than from other countries, and British merchants are enjoying rates 50 to 75 per cent less than American manufacturers. The situation as to rates does not obtain in the Argentine alone but applies in all the countries. A number of notable cases were brought to the attention of members of the commission where important contracts have recently gone to Europe, which would have been given to the United States, but for the wide difference of freight rates which made it impossible for our manufacturers to compete.

It was pointed out by the representatives of American shippers in these countries that very much higher rates to the United States, as against Europe, seriously militate against our manufacturers in the purchase of raw materials, which become available to European manufacturers at lower cost because of the cheaper transportation. This, of course, adds to the difficulty our manufacturers encounter in marketing manufactured products in competition with Europe.

American houses in Brazil and the Argentine informed the commission that they had been notified in the middle of April that a number of ships now in service from New York to South American ports would be taken off of this direct service and would soon make the trip from New York via Europe, thus still further restricting a service already so seriously impaired as to constitute a grave menace to our South American commerce.

The representatives of all the Governments participating in the Buenos Aires conference took every opportunity to urge that the shipping conditions could only be improved on the initiative of the United States. They made clear their inability to finance new steamship enterprises, but at the same time promised that cooperation would be given in every way that their Governments could aid. It was also urged upon us that, while the present situation constituted a serious emergency calling for the quickest possible relief, the development of the commerce of the United States with South American countries in times of peace necessitated very much greater tonnage than had ever been available, while fast passenger lines were also essential if increased trade and communication between the countries were to be developed.

The United States commission does not as a commission assume to say what remedies should be applied by our Government, but they are convinced that there is no more vital question affecting our commerce with the Latin American countries than that of providing greatly increased shipping facilities.

Mr. FLETCHER. I also have a copy of a letter from the American commercial attaché, Dr. Albert Hale, with reference to a business transaction in Buenos Aires, which illustrates the difficulties with which our manufacturers must now contend.

The PRESIDING OFFICER. Without objection, it will be inserted in the RECORD.

The letter referred to is as follows:

If specification is needed, as one example, I attach a copy of report from American Commercial Attaché Albert Hale, stationed at Buenos Aires, made while we were there, to wit:

APRIL 8, 1916.

CHIEF BUREAU OF FOREIGN AND DOMESTIC COMMERCE,  
Department of Commerce, Washington, D. C.

DEAR SIR: Shortly after my arrival at this post my attention was called to the extensive purchases made for several years past and to be made for many years in the future by the Obras Sanitarias de la Nación.

This organization is a part of the national Government and has charge of all the sanitary works, not only in Buenos Aires, but throughout the entire country. The purchases made by it in the way of iron pipe, material for construction work, and machinery of practically all kinds are enormous and its credit is of the best.

So important did I consider the Obras Sanitarias and the opportunities offered by it that I wrote a report on its activities, which appeared in Commerce Reports No. 87, April 14, 1915. Although the organization was known to American representatives here, I persistently called the attention of manufacturers' agents in Buenos Aires to these opportunities and interested traveling men who visited Buenos Aires.

Public bids are at regular intervals received for supplies to this organization. European manufacturers have constantly taken advantage of them, with the result that millions of dollars' worth of supplies have been placed in Argentina.

Finally, and largely at my instigation, advertisements for supplies to the Obras Sanitarias were seriously considered by American manufacturers. One of them quite recently put in a bid for supplies which amounted in round numbers to \$1,500,000 United States gold. This bid presented prices f. o. b. New York, and also c. i. f. Buenos Aires. The f. o. b. New York bid was lower than a similar bid of European manufacturers, but the c. i. f. Buenos Aires bid was somewhat higher. The engineers of the Obras Sanitarias here were inclined to accept the f. o. b. New York bid, but insisted on definite statements as to when delivery could be made in Buenos Aires.

Here was met an insurmountable obstacle. Cargo space could not be obtained. The manufacturers in the United States even tried to purchase vessels for the tonnage involved, but could not do so. Consequently there seemed no possible way of making the delivery in contract time, and the bids were therefore not accepted, the contracts finally going to English manufacturers.

This statement is made as a most unfortunate example of the difficulties impeding development of our commerce with Argentina. Until this handicap is overcome our trade will be only spasmodic. When regular vessels under the American flag are put into service the hoped-for development will take place, and such splendid opportunities as the one above mentioned will not be lost to us.

Detailed data can be furnished later, but I feel warranted in referring to Mr. R. A. Riesgo, of the United States Cast Iron Pipe & Foundry Co., of Philadelphia, Pa., to Mr. J. R. McWane, president of the American Cast Iron Pipe Co., of Birmingham, Ala., and to Mr. Alfred J. Eichler, representative of the Walworth Manufacturing Co. in Buenos Aires.

Yours, very truly,

(Signed) ALBERT HALE,  
American Commercial Attaché.

P. S.—This report is written for two purposes:

1. To call attention to the fact that f. o. b. prices on this bid were lower in New York than f. o. b. prices of the same character in Europe, and that the bid was lost not through any higher cost of manufacture, but through the fact that the lack of a merchant marine under our control made freight rates so high that delivery in Buenos Aires at a price to meet competition was impossible.

2. To emphasize the opportunity for future contract of this nature and that they will in many cases be equally unsuccessful unless we develop a merchant marine which will be at the service of American manufacturers competing for foreign trade.

A. H.

Mr. FLETCHER. Mr. President, some question was raised by the Senator from Minnesota [Mr. NELSON] regarding the regulatory features of the bill. Mr. Franklin, of the International Mercantile Marine, whom, as I have stated, I regard as one of the best informed men on the general subject of shipping, has favored the creation of this board and the regulatory provisions, generally, of the bill. I think they are in line also with the views and wishes of the National Foreign Trade Council; they are certainly in line, as in fact the whole bill is, with the revised and final views of the Chamber of Commerce of the United States of America, and especially as represented by Mr. Fahey, the former president of that organization. Being a very strong and influential body of business men, a word from it would seem to be of weight in connection with a measure which bears so directly upon the commerce of the country.

In the hearings before the Senate committee appears a communication from Mr. Fahey indorsing this bill. The letter appears on page 178 of the Senate committee hearings, from Mr. Fahey to Hon. JOSHUA W. ALEXANDER, the chairman of the Committee on the Merchant Marine and Fisheries of the House, and is as follows:

BOSTON, June 2, 1916.

Hon. JOSHUA W. ALEXANDER,  
Chairman Committee on Merchant Marine and Fisheries,  
House of Representatives.

DEAR MR. ALEXANDER: Owing to the number of things which accumulated during my absence to South America, which required immediate attention on my return home, I have just had an opportunity to get a look at the shipping bill, in its present form, and I want to congratulate you on the progress made and the present status of the measure. In the main, I think it is in excellent shape, and I hope it is going to go through the Senate promptly.

As you know, I have never been enthusiastic over the question of Government ownership and operation if there was any other way out. My feeling about it has been exactly the same as your own, but I want to say that as a result of what I saw and heard in South America, I am convinced that it will be long years before private interests will ever undertake the establishment, especially of the fast lines, which are needed in South American countries. These lines are vital to us if we are going to hold and develop our business, and we should have them at the earliest possible moment. I therefore hope that the bill is going to go through the Senate without delay. What do you consider the prospect is there?

By the way, I would like very much to have a complete set of the hearings before your committee on the bill. Can you have them sent to me?

With much appreciation of your personal work in advancing the cause of our merchant marine, and with best wishes, I am,  
Sincerely, yours,

JOHN H. FAHEY.

There is no discrimination in the bill with regard to waterways found in one portion of the country and not found in other portions of the country. As the bill came from the House it provided that this board should have to do with rules and regulations, and certain control and direction in reference to carriers on the inland waterways of the United States as well as on the high seas and on the Great Lakes engaged in the foreign and coastwise trade. It was represented before the Senate committee that that would be a useless interference, for the reason that there is not a great amount of commerce conducted on the inland waterways, the rivers comparatively, and the argument was that we had better first build up that commerce before undertaking to regulate it to any great extent.

There did not appear either before the Senate committee or in the hearings before the Merchant Marine and Fisheries Committee of the House that there was any particular need of regulating these carriers on the rivers of the country, and it was thought wise by the committee that we should for the present exclude or drop out of the bill this reference to inland waterways and confine the regulatory features to commerce on the high seas and on the Great Lakes. The Great Lakes might be likened to the high seas, because, in the first place, the commerce is not only coastwise but is foreign as well, and they are immense bodies of water. There is an enormous amount of commerce carried there and a tremendous transportation business conducted there; and although I do not know that any complaint at present is made regarding the methods of conducting that business there may come a time when regulation would be in the public interest and desirable.

For that reason that was left in the bill. The regulation, therefore, by this board is confined to the carriers on the high seas and on the Great Lakes. Other countries have regulated their carriers in the respects which are mentioned in the bill. They have even gone so far as to regulate the freight rates.

#### GOVERNMENT REGULATION OF FREIGHT RATES.

With reference to the subject of Government regulation of ocean freight and Government ownership of steamship lines, in addition to what has been said, it is illuminating to quote from the periodical, *Shipping Illustrated*, of July 15, 1916:

#### AUSTRALIA.

The Commonwealth Government has assumed power to control the movements of Australian shipping, and has also secured authority to regulate freight charges between Australian ports.

#### NORWAY.

The following are the rates of taxation imposed on Norwegian shipping under a new law: The proceeds of the tax, the imposition of which is due to high freight charged on the transport of grain and foodstuffs, will be used for the acquisition and operation of mercantile tonnage to be worked by the State. The tax is based on freights, as follows (kr. meaning kroner—26.8 cents):

Freights of 27 kr. and over, 1.50 kr. per Br. R. T. (meaning net ton).  
 Freights of 24 to 27 kr., 1.25 kr. per Br. R. T.  
 Freights of 20 to 24 kr., 1 kr. per Br. R. T.  
 Freights of 16 to 20 kr., 0.75 kr. per Br. R. T.  
 Freights of 12 to 16 kr., 0.50 kr. per Br. R. T.  
 Freights of 8 to 12 kr., 0.25 kr. per Br. R. T.  
 Under 8 kr. are free of tax.

Vessels engaged entirely in trade between foreign ports are exempt, both because they have not been parties to the hoisting of rates in the home trade and in order not to place them in an unfavorable position as compared with foreign competitors. Vessels engaged in regular trade between Norway and foreign countries, but of which the whole cargo space is not occupied, will pay:

On 27 kr., 1 kr. per Br. R. T.  
 On 24 to 27 kr., 0.75 kr. per Br. R. T.  
 On 18 to 24 kr., 0.50 kr. per Br. R. T.  
 On 10 to 18 kr., 0.25 kr. per Br. R. T.

Vessels completed and put into service in January and February, 1916, or later, receive a reduction of 50 per cent of the tax; those in November and December, 1915, 40 per cent; and those in September and October, 1915, 20 per cent.

It is apparent that the tax on Norwegian shipping would amount practically to State regulation of ocean freight rates, but the most interesting feature of the tax is that the proceeds are to be used for the acquisition and operation of ships by the Government. Such a movement is worthy of especial note in view of the present extensive development of the Norwegian merchant marine.

#### JAPAN.

The ocean lines subsidy law of January 1, 1910, gives the minister of communications a large measure of control over the lines receiving subsidies, which include all of the large and a number of the small steamship companies of Japan. The most notable instance, perhaps, of Government regulation of ocean freight rates is furnished by Japan.

#### AUSTRIA.

A large degree of control is exercised by the minister of commerce of the Kingdom of Austria over the Austrian steamship lines receiving State aid. This control extends to method of operation as well as to freight tariffs. This State aid takes the form, generally, of mail subvention contracts. The largest line flying the Austrian flag is the Austrian Lloyd, and the company has been intimately related to the Government ever since its establishment—about 1845.

#### HUNGARY.

The Royal Hungarian Ocean Navigation Co., *Adria*, is the principal steamship line under the flag of Hungary. The mail subvention contract with the Government provides that the minister of commerce of Hungary shall name the president and vice president of the board of directors of the company, and grants additional governmental control.

#### CANADA.

Canada has contracts for the carriage of mails with practically every steamship line calling at Canadian ports, and through such contracts Canada exercises a marked degree of control over the affairs of steamship lines. See document, *Government Aid to Merchant Shipping*, pages 65 to 69.

#### GREAT BRITAIN.

The British Government has not attempted to regulate freight rates. The tax on excess profits has been increased to 70 per cent, according to latest information. This may be regarded in the nature of regulation. It is also true that existing mail subvention contracts with the Cunard Steamship Co. provide, among other things, that the company shall not give preferential rates to foreigners, and that it shall not unduly increase rates in general.

#### FRANCE.

All steamship lines receiving financial aid from the State in the form of mail subvention contracts give the Government, under such contracts, a large measure of control over their affairs. For example, these contracts, among other things, provide the manner in which accounts of the company shall be kept, the amounts to be set aside for depreciation and reserves.

Mr. WADSWORTH. Mr. President, will the Senator from Florida yield to me?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I do.

Mr. WADSWORTH. Will the Senator inform us whether any other great maritime power grants to any one of its governmental agencies the power, either directly or indirectly, to fix rates for foreign commerce?

Mr. FLETCHER. I was just citing these instances, which practically amount to that; but I am not doing so because I mean to claim that under this bill this board would have any such power nor because I mean to advocate vesting this board with any such power. I am, however, referring to this as indicating that other countries have gone further than we propose to go in this bill. Japan, for instance, absolutely fixes its freight rates.

Mr. WADSWORTH. Does the Senator from Florida state that the Government of Japan may fix the freight rates for goods carried in Japanese bottoms from Yokohama to San Francisco?

Mr. FLETCHER. In answer to the Senator's question, I will say I hold in my hand a statement which appears in the *Commerce Reports* of May 9, 1916, at page 524, to this effect:

#### JAPAN.

A statement from the director of the Shipping Affairs Bureau in the Ministry of Communications credits Japan with 272 tramp steamers, displacing more than 1,000 tons, their combined tonnage amounting to 715,012 tons. Of the number 112, with a total of 249,258 tons, are run by the owners themselves, while 160, with a total of 465,754 tons, are chartered.

Of the whole number 188 ships, with a total tonnage of 423,031, are run in the coastwise trade, while 84 bigger ships carry on the ocean trade, these being distributed as follows: European routes, 14, tonnage 57,515; North American routes, 34, tonnage 129,835; Australian routes, 4, tonnage 11,790; Indian routes, 17, tonnage 56,560; South Seas, 12, tonnage 36,281.

#### INCREASED FREIGHT RATES AUTHORIZED.

The *Nippon Yusen*, *Osaka Shosen*, and the *Toyo Kisen*, *Kaisha* applied to the department of communications for permission to raise outward freights on the Antwerp line of the European service, and outward and homeward freights on the Puget Sound and San Francisco lines of the American service, which are run under Government protection. The Japan Chronicle says that the Government granted the applications April 10, with some modifications in the original scales of increase applied for. Freights for North American ports have been raised by about 20 per cent. The principal goods involved are rice, tea, matting, raw silk, silk textiles, cotton manufactures, soy, bamboo ware, porcelain and pottery, straw braid, foodstuffs, grain, peanuts, and camphor.

Homeward freights have been raised by about 25 per cent, with a few exceptions. The principal goods affected are raw cotton, machinery, iron and steel plate, iron wire, salt fish, pulp, wheat, flour, tin plate, malt, mails, resin, condensed milk, and glass. All these advances are to come into operation immediately.

Mr. WADSWORTH. Is it not true that the Japanese steamship lines, which apparently, according to that communication, are subject to a certain extent to rate regulation, are also completely protected from injurious competition with the ships of other nations by reason of the subsidy which the Japanese Government gives them? Is it not also true that they are reserved for naval auxiliary purposes in the event of emergency?

The point I wish to bring out, if the Senator will pardon me, is that the underlying theory of this bill—whether the result is to be obtained by direction or indirection—is that American vessels engaged in foreign commerce may have their rates regulated by the shipping board; but at the same time that their rates are regulated, and probably reduced at the demand of shippers, the Government does nothing to protect them from foreign competition; they are the recipients of no subsidy, whereas the Japanese ships, to which the Senator has referred, are protected from the effect of destructive competition from the ships of other nations.

Mr. FLETCHER. I disagree with the Senator from New York.

Mr. WADSWORTH. The ships of the two nations—Japan and the United States—are not in the same category at all.



Mr. FLETCHER. Mr. President, I disagree with the Senator from New York in his claim that under this bill the shipping board would have the right to fix the rates. It seems to me that the provisions of the bill are just as mild with respect to the jurisdiction and the power of this board concerning foreign shipping as could possibly be devised. All the board has the power to do, practically, is to see that those things which we all condemn, namely, rebates, unjust discriminations, the use of fighting ships, and those things which Congress has condemned heretofore, and which I think the public generally condemn, will not be permitted. That is about as far as the board may go under this bill. I think, if the Senator will examine the language of the bill, he will find under section 15 the things that are not permitted to be done, which is about the extent of the power which this board can exercise with respect to foreign ships.

It will be borne in mind, too, that the ships acquired under this bill will serve as naval auxiliaries when required.

Mr. WADSWORTH. The Senator from Florida undoubtedly states the language and describes the mildness of it with absolute correctness. However, is it not a fact that in the event of any complaint being made by a shipper to the shipping board the board may then fix a rate, and that eventually, by a series of complaints upon all classes of goods and from all groups of shippers, American or otherwise, the board will fix rates?

Mr. FLETCHER. I do not quite agree with the Senator in that regard. Only in case of complaint respecting carriers engaged in foreign commerce as to the matters which are mentioned in section 15. Then the board can inquire into that, and if they find that those practices are being indulged in they can have them stopped. That is the extent of their power. The original proposal in the House bill was very much stronger than it was finally left with respect to the powers of the shipping board and its jurisdiction regarding regulations of foreign carriers, but those original provisions were modified, and, I believe, as the bill now stands, it is precisely as the Chamber of Commerce of New York and other commercial bodies desire it and as the shipping interests desire it.

Mr. WADSWORTH. Do I understand, Mr. President, that the Chamber of Commerce of New York is supporting this bill?

Mr. FLETCHER. I do not understand that they are supporting the whole bill. They are opposed to the general proposition of Government ownership and Government operation, but outside of that they favor a board, and they favor the board having fully as much power and jurisdiction as this bill gives this board, I think.

Mr. GALLINGER. Mr. President, if the Senator will permit me, that means that if we must have this legislation they think we ought to have a shipping board? That is about as far as they go.

Mr. FLETCHER. I think so.

Mr. GALLINGER. They do not approve of the legislation?

Mr. FLETCHER. I think Mr. Franklin, who testified before the Senate committee, favors a board and he favors giving it this power and this jurisdiction. He objects only to that feature which emphasizes the Government operation of the ships in mercantile business. He even favors the provision of the bill so far as naval auxiliaries are concerned; and if we will reverse the proposal in section 3 and build the ships as auxiliaries of the Navy, primarily, and secondarily to be used as carriers, he would not object to the bill as it is. I think that is about his position.

Mr. GALLINGER. The Senator will remember, I feel sure, that in every bill which has been introduced in the Senate during the last 10 years designed to upbuild the American merchant marine, the naval auxiliary provision has been included. This bill has not anything new on that point.

Mr. FLETCHER. No; I think the Senator is correct about that.

Mr. GALLINGER. And yet, as a rule, our Democratic friends voted against all those bills.

Mr. FLETCHER. Of course, there have been grounds for that opposition in the minds of those who oppose the idea of any subsidy being granted; and at the present high rates of freight I do not think anyone can have the hardihood to claim that we ought to subsidize ships.

In reference to the situation in France, Mr. President, I offer a quotation, being a sort of digest from the *Revue Politique*, under date of the 10th of May, which I ask to have inserted in the *Record* without reading. It shows very clearly, I think, what the situation there is.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

BAZIN, LÉON.

The rise of freight rates and the crisis of the maritime industries [in France].

#### DIGEST.

The rise of freight rates in its ascending course has attained so high a mark as to be a cause of anxiety to all. Innumerable remedies have been suggested but found impractical, as they sought to suppress the effect without removing the cause.

What is the underlying cause of the present crisis? Some have laid the blame at the door of shipowners, who are accused of making enormous profits. But let us look at the facts.

The French merchant marine holds about fifth rank in the world's merchant fleets. It had before the war a net tonnage of about 2,500,000 tons, that of the British shipping being 21,000,000 tons and that of neutral countries about 12,000,000 tons. Requisitions for military purposes and losses have reduced the French tonnage to about 1,000,000 tons and the British tonnage to about 14,000,000 tons, while the tonnage of neutral countries has remained very nearly what it was. The great loss in tonnage suffered by France makes it difficult for French shipowners to exercise any great influence. British shipowners, while representing vastly more important interests, are themselves obliged to reckon with neutral countries, which have a tonnage almost equal to that of the British merchant fleet.

There is no instance on record of French shipowners having unduly increased freight rates. On the lines not directly affected by the war the rise has been extremely moderate. Thus, on the lines running to Algeria the rates were: In 1914, from 6 to 64 francs on exports and from 8 to 60 francs on imports; in 1916, from 8 to 83 francs on exports and from 10 to 78 francs on imports, an increase of only 30 per cent. On the Moroccan lines during the same periods the increase was 50 per cent on exports and 60 per cent on imports.

In reality the profits realized grew out of the demand for bottoms on the part of shippers. Shipowners can not refuse the highest price that shippers beg them to accept, shippers being so urged by consumers who need coal, steel, hides, wool, etc., immediately. The price offered by shippers is that which their clients are able to pay them. It is, therefore, unfair to lay the blame on the shipowners or on the shippers.

The only, or at least the main, cause, of the present crisis lies in a complete rupture of equilibrium between demand, which is increasing all the time and becoming more and more pressing, and supply, which is correspondingly decreasing, and this results from numerous factors, namely, the requisitioning of a large part of the commercial fleet for the needs of the Army, the destruction of a large number of ships by submarines and mines, the congestion of shipping in ports, increasing every day owing to unloading difficulties due to the scarcity of labor, the inadequacy of land transportation, the tying up of ships requiring the payment of demurrage charges and resulting in greatly increased transportation rates. Other accessory causes are increased working expenses, the rise in the price of coal, insurance on war risks, increased wages of crews, the enormous demand for raw material, especially iron and steel, the occupation of our mines and factories by the enemy having reduced the production by 50 per cent, and even 80 per cent in some cases.

Under these circumstances the rise in prices is but natural. Ships are like any other thing; the only limit to such rise is the cessation of the demand or abandoning the market, and both are out of question. Can, then, a tax be assessed on freights? If so, on what freights? Such tax would be ineffective in France by reason of our reduced tonnage and in the face of present requirements. Even Great Britain hesitates to take this step for fear that neutral shipping, which constitutes a third of the total shipping entering British ports, might seek elsewhere more remunerative returns.

British shipowners have vehemently protested against two recent orders in council—one forbidding British ships over 500 net tons to carry goods between two foreign ports without a license delivered by the license commission; the other increasing the power to requisition merchant ships in case of urgent necessity for the transport of foodstuffs or of any other merchantable article.

The commandeering of our fleet has often been suggested. But in normal times the French flag represents only 25 per cent of the tonnage entering our ports. Over one-half of this percentage is now requisitioned for the need of the army. The only result of such commandeering would be to weaken our merchant fleet already so reduced, while our competitors, free to fix their own prices, would thrive on our very commerce and make us for a long time after the war feel the weight of their superiority.

Among the remedies suggested are the following: Purchase of a fleet in England, loans to shipowners for the purchase of foreign ships, creation of an office for the regulation of freight prices. The two first suggestions are impractical, owing to the lack of ships for sale. Besides, to purchase ships abroad would merely constitute a transfer, not an increase in tonnage. The addition by purchase of new ships to our fleet, while beneficial to French shipping in general, would in no wise affect freight rates, for the freight problem is international, not national. The third suggestion is not, either, capable of realization, owing to the existence of other fleets and the impossibility of gaining any control over them.

An agreement recently concluded between France and Great Britain deserves mention. It provides that British shipowners shall agree to give up 30 per cent of the profits derived from coal transportation. It is hoped that neutrals shall in their own interest enter this compact.

For the purpose of insuring the best utilization of ships for the needs of the country, the French Government has issued, on April 4, 1916, a decree practically prohibiting (1) voyages between two foreign ports; (2) voyages from France not useful for the furnishing of supplies to the country. Special authorizations, however, may be granted.

These measures are but palliatives at best. The building of new ships is the only remedy to the situation. These ships should be as much as possible of the same type, in order to make up for the shortage in skilled labor and to build as many units as possible in the shortest time.

Recent debates in the Chamber of Deputies show that the Government is alive to the situation and will soon take a decision in that direction. (Digested and translated from *Revue Politique et Parlementaire*, 10 mai, 1916, p. 257-264.)

Mr. FLETCHER. Now, I come to another subject, namely, the blacklisting of commercial agencies.

The recent order to British merchants in reference to the use of British ships, excluding trade with those listed as enemy

sympathizers, presents a situation which ought to impress upon our merchants the need of legislation of this kind. The black list furnishes the strongest kind of argument in favor of American ships.

In point is a short editorial from the Washington Times of July 23, to wit:

THE BLACK LIST AS A LESSON.

Whatever may be thought about the right of Great Britain and her allies to blacklist certain American firms and individuals by prohibiting Britishers from doing business with them, it is pretty clear that Britain can enforce that sort of a rule if she likes.

She can enforce it, because she controls ocean shipping. It isn't the power of Britannia's Navy that rules the wave; not in such cases as this. It is the power of Britain's merchant fleet. American goods couldn't possibly be distributed to the markets of the world if they were cut off from the use of ships sailing under the Union Jack.

That is a fact that this country needs recognize. Perhaps this black-listing proposal will serve sharply to remind our people of their national weakness in this regard. If it does, it will serve one useful purpose.

The amendment offered by the Senator from Colorado [Mr. THOMAS] has merit as tending toward the protection of American shippers in these circumstances; but, of course, the permanent remedy is to have the carriers.

THE PACIFIC MAIL STEAMSHIP CO.'S COURSE.

It had been stated and published repeatedly that American ships were driven off the Pacific; that the seamen's law was ruinous to American shipping; that our navigation laws would have to be changed before we could expect ships to take and continue American registry. As a horrible example, we are warned, "Look what happened to the Pacific Mail!"

Let us see what happened. It appears the Pacific Mail did sell the following steamers: The *Siberia*, 11,284 gross tons; the *Korea*, 11,276 gross tons; the *Manchuria*, 11,638 gross tons; and the *Mongolia*, 11,638 gross tons. These steamers were formerly engaged in trade between San Francisco and Asia. They were not sold to foreign buyers. They did not change their flag. They were simply transferred to the Atlantic coast, and are now engaged in trade between New York and European ports where freight rates are higher and their earnings could be increased. They operate under the same laws as they did when owned by the Pacific Mail. Recently the Pacific Mail, seeing its mistake, evidently, has purchased three liners from the Royal Dutch West India Mail Co. at \$1,100,000 each, and announces that it will resume its trans-Pacific service, which it suddenly and without any regard whatever to the interests of its patrons abandoned. It alleges that it has decided to reverse its policy because "the gigantic leaps in freight rates have rendered it possible to operate at a profit in spite of the injurious effects of the seamen's law."

This is as false as the reason they gave when they quit their trans-Pacific service, namely, that the seamen's law made it impossible for them to operate profitably.

The falsity of this excuse or claim is proved not only by the resumption of their trans-Pacific sailings but by the fact that the poorest and least profitable ship in the former fleet of the Pacific Mail, the steamship *China*, was taken over by a small American company, which, notwithstanding the greatly increased cost of operating only one ship, has continued the *China* in the trans-Pacific service, under the American flag, with great profit. It was reported that the new owners paid for the *China* with the profits from the first two voyages in the same service which the Pacific Mail had abandoned.

All the circumstances tend to show, and those in position to know assert, that the Pacific Mail discontinued their trans-Pacific service at a time when they were able to sell their steamers for what they supposed were fancy figures, for no other reason than that it enabled the interests that controlled them to make very effective political capital of it; and they are now resuming the service not because of high freight rates—trans-Pacific freight rates are now actually lower than they were when the Pacific Mail discontinued their sailings—but because of the Government shipping bill, which is about to pass Congress, and their fear that as a result of this bill a line of Government ships would enter the trade they had abandoned.

The *Ecuador* and her two sister ships, which the Pacific Mail are now putting into the Orient trade, and for which they paid \$1,100,000 each, are much inferior in every respect to the vessels they formerly operated in this trade and which they foolishly sold for an average price of only \$1,050,000 each.

The new boats have less than one-third the capacity of their former steamers *Mongolia* and *Manchuria*, and they have less than one-half the capacity of their former steamers *Korea* and *Siberia*, and they are rated at only 13 knots speed while the former boats are rated at 18 knots.

It will be surprising if the new boats can be profitably operated in this trade, because they are believed to be much too small and slow for trans-Pacific passenger steamers; also, the Pacific Mail paid too high a price for them, about \$200 a dead-weight ton, and will consequently have to meet high charges for interest, insurance, and depreciation. They sold their former boats for less than \$100 a ton, which was regarded as exaggerated value.

The beneficial workings of the shipping bill, even before it has become law, are thus shown by the action of the Pacific Mail in hastening to cover the trade which they had abandoned, though they have to use vessels utterly unsuited for this trade.

OUR LAWS.

Mr. President, I have before me an address delivered by a business man at the annual dinner of American Newspaper Publishers' Association in New York, April 27, 1916, sent to me with the compliments of the speaker, in which he says:

It is the critics of finance and business \* \* \* who have passed laws which have driven our ships off the seas in the world's trade.

There is no error more thoroughly established by overwhelming proof than this oft-repeated denunciation of our laws as applied to ships.

But business men and newspapers keep on repeating it, evidently satisfied with their success in getting the public to take the poison.

May I suggest that just this sort of thing is precisely why there is occasion for the further complaint, if any exists, that "nor does it [Congress] seem inclined to pay serious heed to the views of business," and so forth. If "business" will not be truthful, should it expect to be heeded? Again, this same "business" man says:

Just as Congress, by a series of laws, has imposed burdens and costs upon ships operating under the American flag, which made it impossible for capital to invest in American ships for use in the world's trade and earn a fair return in normal times—

And so forth.

This is not true. It is simply an impression which has been created for a purpose—very much like the cry of "pork barrel" in connection with river and harbor improvements. It is a manufactured impression, ripening into a belief in many minds, with no substantial foundation in fact or real basis in reason.

Mr. Chamberlain, the Commissioner of Navigation, has so fully covered the whole subject of our navigation laws in his testimony before the House committee (Hearings on H. R. 10500, p. 179 et seq.) that I need only refer to his complete refutation of the assertion made over and over again by "business men."

Mr. Chamberlain shows that of the laws criticized by Wells in 1881 only two remain on the statute books, to wit: The one which reserves to American vessels our coasting trade, and the other requiring the officers of American ships to be citizens of the United States.

Only one maritime nation, Great Britain, opens her coastwise trade to foreign ships, and this is confined to the United Kingdom—England, Ireland, Scotland, and Wales. It does not extend to the Provinces nor the self-governing Dominions of the British Empire. All other countries reserve their coastwise trade to the ships of their own registry. As to the nationality of officers, I do not know of any country having a rule different from ours, and Congress has given the power to the President to suspend that requirement by the act of 1914 for a period of years. Neither of these laws could have "made it impossible for capital to invest in American ships."

But similar criticisms have been urged and published until many people were convinced they were justified, and Mr. Chamberlain sets them out and answers them in detail. (P. 189 et seq. of said hearings.)

He shows conclusively that the only feature of our navigation laws designed to protect American shipbuilding which remains on our statute books is section 4347 Revised Statutes, to the effect that foreign-built vessels can not engage in the coasting trade of the United States.

I have never heard of very serious objection to that law. In any case, whether it is the subject of criticism or not, it does not, of course, affect the American merchant marine in the foreign trade.

Mr. Chamberlain observes:

The campaign for the revision of the navigation laws, begun in 1880, you will see has been carried to a successful conclusion, of which some of the very recent volunteers to the cause do not seem to be aware.

It may be noted that the Democratic platform of 1880 favored "free ships and a living chance for American commerce on the seas and on the land." The Democratic administration of 1914 fulfilled that pledge. The ship registry act of August, 1914, removed the last refuge of the subsidists.



But foreign shipping interests and some benighted "business men," and some who have long hoped for subsidies, continue to hammer on the same old anvil and keep up the same noisy clamor to convince our people that by reason of our antiquated laws or the fool performances of Congress our flag is obliged to remain off the seas, and we must necessarily depend wholly on foreign ships to take care of our commerce.

These people seem utterly unable to see the inconsistency between one position they take, that by reason of our antiquated laws, they say, or the performances of Congress, our flag is obliged to remain off the seas, and we must necessarily depend wholly on foreign ships to take our foreign commerce, and the next position they take, to wit, that the Government should not build or acquire merchant ships for foreign trade because that would be interfering with private enterprise. In one breath they say our absurd laws have driven our flag off the oceans and in the next breath they say private enterprise stands ready to proceed at once to place it there if only the ship-purchase bill is not passed.

One moment they admit capital has refused for 50 years to build up our mercantile marine and in the next moment they say capital is ready and anxious to go into the business of building or acquiring ships under the American flag for foreign trade.

We find opponents of this measure taking equally conflicting positions, to the effect that under this bill the tonnage provided would be a mere bagatelle, influencing the situation not at all, and then they say no "business man" will go into the "business" of shipping because he would have to compete with the Government.

They argue that this bill would only provide 500,000 tons, and that subject to demands and equipment as naval auxiliaries—the Senator from Minnesota said 300,000, Mr. Marvin says 700,000—whereas from six to ten million tons are required to handle our foreign trade; and yet private enterprise will be deterred from supplying any portion of this six to ten million tons, however profitable the investment and attractive though the enterprise is, because, forsooth, the Government will own less than 10 per cent of what is imperatively needed. Mr. Chamberlain says to provide 60 per cent of the gross tonnage required for our foreign trade we must have 6,000,000 tons. (Senate hearings, p. 223.)

They argue that though our navigation laws impose unbearable burdens on American ships, there are those of our citizens eager to invest their money in them; although the Government's venture would not supply any appreciable relief from present conditions, private enterprise would be driven from the field.

Even in normal times, no undertaking yielded greater dividends than shipping, and although now profits have increased 5 to 10 times over what they were, it is still contended subsidies should be granted. Although terminals and warehouses at our ports are groaning under the weight of freight moving to foreign markets there are no ships to convey them, and when the foreign ship does consent to call for it in the interest of its country, always, the freight charges are out of all reason and are reflected in the price the producer receives, especially when he has to compete with other countries in the foreign market.

#### MANUFACTURERS AND PRODUCERS.

I can not understand why the manufacturers and producers, generally, of the United States, do not rise up and demand this legislation. I am amazed at the patience they have manifested. Every manufacturer interested in foreign trade must know he can not hope to extend or even maintain his trade unless he can have the means of delivering his goods. Every producer must know he will be unable to sell outside the United States, his market will be cut off if ships are not available to carry the commodities.

The situation is that one ship is to-day called on to do what it requires three to do.

Not only, too, is there discrimination in rates on freight in favor of the foreign shipper by the foreign ships and against the United States, but it extends to the point of depriving our manufacturers and exporters of the business which, if there was equality of rates, or even an approach to that, the American house would get the business. Instances have been given where, for example, there was a demand for 400 miles of iron piping. Bids were called for. The United States manufacturers were the lowest bidders, but the English people got the business because they could furnish the ships, and the manufacturers here could not do so.

Take this situation: Chilean nitrate is worth \$34 a ton at the wharf. It pays an export tax of \$11 per ton. The miner therefore gets \$23 per ton and pays the freight to the port. From there to the United States the importer must now pay \$34 per ton for its transportation. It costs the United States Government \$68 per ton delivered at our arsenal. This Government could right now save \$2,000,000 if we had the ships to bring what we need of that material for Government use alone.

There is plenty of business for private ships, and therefore they would not be deprived of cargoes if the Government undertook to transport this nitrate.

#### CROWDED YARDS.

The argument is made, and the Senator from Minnesota repeats it, that our yards are full, are crowded, and that ships can not be built within two years in sufficient quantity or of a kind that would be of any material use. This same argument was advanced last year. Since then orders for a considerable amount of new tonnage have been booked every month in our yards. I have here a clipping from the New York Journal of Commerce of a recent issue, giving a summary of new contracts placed during the five months in 1916, beginning with February. It shows that 206 vessels, aggregating 459,443 tons, were contracted for during this period. The same paper gives a detailed list of the vessels contracted for in June. They show the number of new contracts in June to be 34 vessels. The list also shows the number of vessels completed during June to be 10 vessels, of about 40,000 gross tons. Vessels completed during the last five months comprise 40; gross tons, 161,418.

It is absurd to claim that shipyards are full to the point where no more orders for new ships can be booked. Here is an advertisement by the Standard Shipbuilding Corporation stating that they are prepared to make deliveries to the extent of a ship a month, beginning with March, 1917, and the ships are of 7,300 tons dead weight. It will be seen by an examination of the list of vessels contracted for in June, with only three exceptions, all of them are to be launched within a year. It should be noted also that of the 385 merchant vessels, totaling 1,225,784 tons, now under construction or ordered, 327 vessels, totaling 927,893 tons, are to be launched on or before June 30, 1917. I venture to say there is not a shipyard in the country but what would be glad to take additional orders for new ships.

Large cargo vessels can be launched within three months after the keel is laid. The Union Iron Works have been doing this right along, and unquestionably other yards are doing the same, or can do so if necessary. Shipyards generally can easily increase their facilities by building additional slipways, and they would quickly do so if they saw business enough to warrant it. There are many new shipyards being built. Within less than a month two have been incorporated, namely, the Delaware Shipbuilding & Engineering Corporation, on the Delaware River, with a capital of \$1,000,000, and another on Puget Sound, with a capital of \$500,000. Plans for the erection of a shipbuilding and dry-dock company in Savannah, Ga., with a capital of more than \$1,000,000 are reported under way. Recently a similar plant was erected at Brunswick, Ga. Duncan, Young & Co., of New York, contemplate a \$1,000,000 shipbuilding plant at Beaumont, Tex., according to the Marine News of July. Statement is made that the American Shipbuilding Co. announced July 19 the recent booking of four more full canal-size ships for salt-water service, delivery to be made first half of 1917.

The shipping board will be able also to use the facilities of the United States Navy Yard. These facilities can be increased by building additional slipways.

#### CAN PURCHASE.

The assertion is made by way of argument against this bill that no ships can be purchased by the shipping board, except possibly at practically prohibitory prices. It is true that the present bill very considerably limits the field for acquiring by purchase such ships as will be needed. At the same time I have here the advertisement of the Marine Trading Co., dated Broad Street, New York, appearing in the Marine News of July last, giving a list of American and neutral steamers offered for sale; in all, 43. The private interests that are said to be going into the shipping business as fast as they can get the ships, it would seem would have an opportunity to purchase ships from this concern and also from the Standard Shipbuilding Corporation, which offers 7,300-ton dead-weight ships for sale at the rate of one each month beginning next March.

Most of the construction work is for the Navy and particular business.

It is true now, as it was last fall, that most of the vessels that are being built are for the special and exclusive use of certain large corporations, such as the oil companies, the steel companies, and others. Many of them are for the coastwise trade; some of them are for foreign owners; a large number are for lake, river, and harbor use. The general over-seas trade is yet to be provided for. Within a year after the passage of this act I am satisfied the shipping board can have at least 50 vessels in the service. In the Commerce Reports of August 1, 1916, pages 404 to 407, inclusive, facts are given with regard to the shipping facilities of the United States for 1916, with some very interesting statements covering over-seas shipping, shipping bound for Europe, clearances for South America and Africa,

trans-Pacific voyages, shipping to near-by foreign ports, which I shall ask to include as a part of my remarks. I shall ask also to include list of shipyards given by the Journal of Commerce, showing the merchant construction of July 1, 1916, showing also that 327 vessels, with 927,893 gross tons, now being built are to be launched on or about June 30, 1917.

The yards can increase their capacity. They are open to new contracts. A comparatively small percentage of present construction is for over-seas trade. New yards can be and are being built.

In support of these statements reference may be had to the hearings before the Commerce Committee, pages 278, 282, and 284.

I ask permission to insert here as part of my remarks an extract from the Commerce Reports, Mr. President.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From Commerce Reports No. 179, Aug. 1, 1916, p. 404.]

#### SHIPPING FACILITIES OF THE UNITED STATES FOR 1916.

The merchant shipping, American and foreign, cleared from seaports of the United States, 25,475,103 net tons for Europe, South America, Asia, Africa, Australia, and Oceania during the fiscal year ended June 30, 1916, was the largest in the history of the United States notwithstanding the European war, the capture of the port of Antwerp, and the closing of the Black Sea, the blockade of the ports of the central powers, the withdrawal of German and Austrian merchant ships from trade, and the dangers of submarines and mines cast adrift in the routes of ocean commerce.

Up to the year just closed the greatest volume of clearances from the United States for the over-seas continents named was 24,872,403 net tons during the year ended June 30, 1914, just before the outbreak of the European war. Much of the net tonnage in that year was space for passengers (tourist and immigrants) on ocean steamers, while during the fiscal year just closed such fast steamers to a great extent have been withdrawn from trade to serve as allied transports and hospital ships or held in port to avoid capture, and their place has been supplied by cargo steamers. (A net ton is 100 cubic feet of ship's closed-in space available for cargo or passengers.)

#### OVER-SEAS SHIPPING.

American shipping cleared for the over-seas continents during the year just closed was more than threefold that in 1914 so cleared—2,448,305 net tons, compared with 745,242 net tons for the fiscal year 1914. The American net tonnage cleared from the United States for these continents in the years ended June 30, 1914 and 1916, the foreign net tonnage so cleared, and the combined American and foreign tonnage were as follows, American tonnage more than doubling in each case and foreign tonnage showing a decrease, except to Asia:

Clearance for—	American.		Foreign.		Total.	
	1914	1916	1914	1916	1914	1916
	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>
Europe.....	447,667	1,134,952	19,598,524	18,791,713	20,046,191	19,926,665
South America.....	192,479	945,353	2,237,171	1,764,720	2,429,650	2,710,073
Asia.....	72,218	131,198	1,165,083	1,489,196	1,237,301	1,620,396
Australia, etc.....	28,615	157,390	724,189	596,486	752,804	753,876
Africa.....	4,263	79,412	402,194	384,681	406,457	464,093
Total.....	745,242	2,448,305	24,127,161	23,026,796	24,872,403	25,475,103

#### SHIPPING BOUND FOR EUROPE.

During the past fiscal year our shipping facilities (net tonnage) for the export trade to Europe have been the greatest in our history. Although the net tonnage in 1914 was a trifle larger—half of 1 per cent—much of that net tonnage in 1914 was for the passenger trade, as stated, which in 1916 was relatively small, and cargo space in 1916 was supplied to help to meet the great volume of our exports. During 1914 the American Line mail steamers to Southampton and the Red Star Line passenger ships to Antwerp were virtually the only American ships in trade with Europe; in 1916 American ships traded with the maritime nations of Europe, except Belgium and the blockaded central powers. The total tonnage clearances to France and Italy almost doubled, the clearances to Norway, Denmark, and Sweden more than doubled, and to Greece increased over threefold. The following summarizes the net tonnage clearances to European countries:

Destination.	American.		Foreign.		Total.	
	1914	1916	1914	1916	1914	1916
	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>
Austria-Hungary.....			517,963		517,963	
Belgium.....	187,965		943,769		1,131,734	
France.....		184,140	1,763,808	3,452,567	1,763,808	3,636,707
Germany.....	8,406		3,893,667		3,902,073	
Great Britain and Ireland.....	241,606	604,604	7,351,796	7,700,103	7,593,402	8,304,707
Greece.....		5,727	93,203	345,855	93,203	351,582
Italy.....		135,116	1,893,915	3,444,597	1,893,915	3,579,713
Netherlands.....	8,926	10,014	1,751,756	1,356,129	1,760,682	1,366,143
Russia in Europe.....		24,535	157,434	197,906	157,434	221,441
Scandinavia.....		114,593	681,393	1,482,153	681,393	1,596,746
Spain.....		11,464	422,571	547,177	422,571	558,641
Other Europe.....	764	45,759	127,249	265,226	128,013	310,985
Total.....	447,667	1,134,952	19,598,524	18,791,713	20,046,191	19,926,665

#### CLEARANCES FOR SOUTH AMERICA AND AFRICA.

American shipping in trade with South America has developed more rapidly in the past fiscal year than in any other direction. The American tonnage cleared was almost five times greater than in 1914, and in trade with Argentina particularly the increase is notable. The withdrawal of foreign ships has been made good by increased American tonnage. The increase in total clearances is partly due, of course, to improved financial conditions in those countries, except Peru, and to the removal of the risk of destruction which checked trade with South America for some months after the outbreak of the war. The clearances for South America follow:

Destination.	American.		Foreign.		Total.	
	1914	1916	1914	1916	1914	1916
	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>
Argentina.....	4,757	191,436	611,360	575,842	616,117	767,278
Brazil.....	62,356	259,619	648,345	548,880	710,701	808,499
Chile.....	44,385	236,578	482,377	355,547	526,762	592,125
Colombia.....	285	109,197	271,804	74,319	272,089	183,516
Peru.....	48,457	32,385	42,951	50,794	91,408	83,179
Uruguay.....	7,310	54,657	93,069	121,743	100,379	176,400
Venezuela.....	23,066	52,286	29,800	13,357	52,886	65,643
Other South America.....	1,863	9,195	57,465	24,238	59,308	33,433
Total.....	192,479	945,353	2,237,171	1,764,720	2,429,650	2,710,073

The clearances from the United States for Africa on both oceans and on the Mediterranean increased from 406,457 net tons in 1914 to 464,093 net tons in 1916. In 1914 the American shipping thus cleared was insignificant, only 4,263 net tons, while in the past year it mounted to 79,412 net tons, of which over half, in spite of submarine warfare in the Mediterranean, was cleared for Egypt and Algiers.

The foreign net tonnage clearances decreased from 402,194 in 1914 to 384,681 in 1916.

#### TRANS-PACIFIC VOYAGES.

The total tonnage clearances from the United States of ships on trans-Pacific voyages to ports in Asia, Australia, the Philippines, and foreign islands of the Pacific increased from 1,990,105 net tons in the fiscal year of 1914 to 2,374,272 net tons in 1916, and of these amounts American net tonnage increased from 100,833 net tons in 1914 to 288,588 net tons in 1916. The table below shows that the gains have not been uniform, but there have been marked increases and decreases in shipping facilities between the United States and the countries and colonies comprised within the limits named. Clearances to "other Asia" show the greatest increase, from 89,176 net tons in 1914 to 618,610 net tons in 1916. During the past year "other Asia" has meant mainly Vladivostok, and the tonnage increase shows shipping facilities provided for the export of locomotives, cars, rails, motor trucks, and steel products generally to Russia through Siberia, Russian Black Sea ports being closed and Baltic ports, especially Riga, partly closed during the year. The effect of the withdrawal of the Pacific Mail ships to Hongkong is to be noted and clearances to the Philippines also show a marked decrease. The Philippine figures do not include Government transports.

Destination.	American.		Foreign.		Total.	
	1914	1916	1914	1916	1914	1916
	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>	<i>Tonnage.</i>
ASIA.						
China.....	4,952	37,452	348,147	182,624	353,099	200,076
British India.....		19,707	120,832	135,051	120,832	154,758
Hongkong.....		9,346	75,879	243,856	75,879	253,202
Japan.....	66,615	13,462	531,800	378,086	598,415	391,548
Other Asia.....	651	51,231	88,425	509,581	89,176	618,610
Total.....	72,218	131,198	1,165,083	1,489,196	1,237,301	1,620,396
OCEANIA.						
Australia.....	14,243	136,173	492,119	431,154	506,462	562,406
Philippine Islands.....	2,051	1,181	143,945	86,407	145,996	87,588
Other Oceania.....	12,321	20,036	88,125	78,725	100,346	95,682
Total.....	28,615	157,390	724,189	596,486	752,804	753,876

#### SHIPPING TO NEAR-BY FOREIGN PORTS.

The gain of 602,700 net tons in export clearances of shipping from the United States across the seas and into waters, to a greater or less extent, the zones of naval and submarine operations and of war risk has been offset, however, by decreased clearances to foreign seaports on or near the coasts of North America. In 1914 these amounted to 14,750,083 net tons; in 1916 to 13,420,158 net tons. The principal decreases have been in clearances to the British West Indies, preoccupied with war, 738,649 net tons, and to Mexico, Haiti, and the Dominican Republic, disturbed by internal dissensions, 688,717 net tons.

In North American waters the foreign clearances of American ships show a large gain, but proportionately not so great as in over-seas trade, from 4,395,082 net tons in 1914 to 7,296,777 net tons in 1916. While the figures are larger, they represent a much smaller number of ships, and these of less tonnage than the figures for over-seas trade, because the voyages in American waters are relatively short and the same ship clears often during the year. To Cuba, Panama, and Central America the American tonnage more than doubled this year.



Clearances for—	American.		Foreign.		Total.	
	1914	1916	1914	1916	1914	1916
Nova Scotia and British Columbia	Tonnage. 1,854,058	Tonnage. 1,998,805	Tonnage. 2,855,943	Tonnage. 2,733,882	Tonnage. 4,710,001	Tonnage. 4,732,687
British West Indies and Bermuda	138,073	266,163	1,520,591	653,852	1,658,664	920,015
Cuba	871,506	1,810,358	1,738,337	1,257,095	2,609,843	3,067,453
Panama	500,009	1,139,889	838,097	84,518	1,338,106	1,224,407
Mexico, Haiti, and Dominican Republic	964,553	1,601,412	2,203,413	787,837	3,167,966	2,479,249
Central America and West Indies, except British	66,883	390,150	1,198,620	606,197	1,265,503	996,347
Total	4,395,082	7,296,777	10,355,001	6,123,381	14,750,083	13,420,158

Out of 38,895,261 net tons of shipping cleared on ocean voyages to foreign ports during the fiscal year ended June 30, 1916, 9,745,082 net tons were American, or 25 per cent; in the fiscal year 1914, out of 39,622,486 net tons only 5,141,324, or 13 per cent, were American.

Note.—Including frequent but short fresh-water foreign trips to Canada across the Great Lakes and St. Lawrence, American tonnage in 1916 was 34 per cent of the total. Detailed figures will be printed in the Monthly Summary of Foreign Commerce of the United States, June, 1916, to be issued by the Bureau of Foreign and Domestic Commerce about the middle of August.

Mr. FLETCHER. According to figures compiled by the Bureau of Foreign and Domestic Commerce, the foreign trade of the United States for the fiscal year ended June 30, 1916, amounted to \$6,525,000,000. Of this, exports amounted to \$3,870,000,000; increase of exports over preceding year, \$1,576,411,000; increase in imports, \$541,025,000.

Our shipping bound for Europe, expressed in net tonnage clearances to European countries, was, in 1916, 19,926,665 tons, as against 20,046,191 tons in 1914; but it should be remembered that much of the 1914 tonnage was for the passenger traffic, which in 1916 was relatively small.

Clearances from our ports for South America were, in 1916, 2,710,073 net tonnage, as against 2,429,650 in 1914.

The tonnage clearances from the United States to ports in Asia, Australia, the Philippines, and foreign islands of the Pacific increased from 1,996,105 net tons in 1914 to 2,374,272 net tons in 1916.

There has been a decrease in clearances to foreign seaports on or near the coasts of North America from 14,750,083 in 1914 to 13,420,158 in 1916.

These decreases were due to conditions in Mexico, Haiti, Dominican Republic, and West Indies.

Foreign clearances of American ships show a gain in North American waters. To Cuba, Panama, and Central America American tonnage more than doubled in the year.

Out of 38,895,261 net tons of shipping cleared on ocean voyages to foreign ports during the fiscal year ended June 30, 1916, 9,745,082 net tons were American, or 25 per cent; in the fiscal year 1914, out of 39,622,486 net tons, only 5,141,324, or 13 per cent, were American. (Commerce Reports, p. 407, Aug. 1, 1916.)

So it appears our foreign trade has been increasing, notwithstanding it is interfered with in some quarters by war conditions. The need for carriers is great now, since at least one-third of the world's shipping is out of commission—perhaps one-third of that a total loss, and, of course, can not reappear when the war ends.

After the war the demand for shipping will be greater than ever. The supply will be shorter yet. This condition constitutes a world-wide problem. It will be the height of folly for the United States to delay action looking to its solution, at least so far as it affects us. We can not hold the trade we now have unless we increase our shipping facilities. We can immensely extend and increase that trade if we pursue the right course. We can take our proper place on the seas if we will. If that is done, commercial leadership will be assured for all time. The opportunities are here; shall we take advantage of them?

The question narrows down to that.

The proposal by this bill is to take care of our needs for naval auxiliaries. I will not dwell on that. No one denies the existence of that need.

Further, the proposal is very similar to that involved in the establishment of the War-Risk Insurance Bureau. The effect there was to afford insurance when it could not be obtained elsewhere and to reduce the abnormally high rates to a reasonable and equitable basis.

That bureau has been in operation two years and has made a profit of more than \$2,000,000 and at the same time supplied an agency that was needed and served a great public purpose.

We may hope for similar results if this bill becomes a law.

The claim that ships can not be built within two years is answered by the testimony found in the Senate hearings, pages 278, 279, and so forth. As to the existing yards, a list of them was furnished in the House hearings, at page 41.

#### ADMISSION TO LICENSE AND ENROLLMENT.

These vessels will be built or acquired by American money—indeed, by Government money. It can not be satisfactory to the people of the country, whose money is used for the building or purchasing of these vessels flying the flag of the United States, to have them denied the right to engage in our coastwise trade. They are ships supplied by the Government and they should be privileged to sail anywhere water will take them, to serve the commerce of this country, whether foreign or domestic. There can be no sound reason urged to deny them access to the coastwise trade of the United States, no matter if it be conceded that at present that business is adequately cared for and served.

Mr. GALLINGER. Mr. President, will the Senator permit an interruption?

Mr. FLETCHER. I will; certainly.

Mr. GALLINGER. As I understand, this legislation is primarily designed, if not entirely so, to build up our foreign trade, to provide ships for over-seas commerce. The coastwise trade is fully supplied with ships. Four hundred thousand tons of shipping from the coastwise trade has been put into the foreign trade during the last two years. Now, why the necessity of putting these ships—some of which will be built abroad or purchased abroad—into the coastwise trade? There is no need of it.

Mr. FLETCHER. I will say to the Senator that I do not myself at present see any necessity for that, but I can see a situation which would make it very desirable.

Suppose we had one of these ships, for instance, engaged in trade between New York and Liverpool. Suppose upon that ship bringing a cargo to the United States she should find that she would have to get a return cargo in New Orleans or in Galveston. Now, would the Senator have that ship go all the way from New York to New Orleans or Galveston in ballast? Would he not permit her to take passengers or to take freight between New York and Galveston, to which port she is going in order to get her cargo to return to Europe? She could not do that unless she were allowed to be licensed and enrolled in our coastwise trade.

Mr. GALLINGER. My position is that, inasmuch as we have an abundance of American ships—indeed, a surplus of American ships—in the coastwise trade to-day, I would not have one of them displaced by a ship of this kind, which might have been built abroad or purchased abroad. If you put such a ship into the coastwise trade, you must of necessity deprive some American ship of that trade. It goes without the saying.

Mr. FLETCHER. I am in favor of the principle that only ships flying the American flag shall engage in our coastwise trade; but all of these ships will fly the American flag. All of them will not only have American registry and sail under the American flag, but they will be acquired by American money, the money of all the people of this country. Now, why should they not be allowed in that trade?

Mr. GALLINGER. The Senator from Florida remembers the contest we had two years ago, when it was proposed that we should admit foreign ships to the coastwise trade, but the Senate did not agree to it, the vote being 20 for it and 40 against it. Now, is not this putting the nose of the camel under the tent, and does it not mean that another effort will be made in the near future to open our coastwise trade to all foreign ships, just as the attempt was made two years ago?

Mr. FLETCHER. I do not think so, Mr. President. My judgment about the matter is that these ships, however, which are American ships, owned by Americans and flying our flag, even though primarily engaged in foreign trade, ought to be permitted, when they go from one port of this country to another port in connection with that foreign business, to carry passengers or freight between our ports. That is my view about it.

Mr. GALLINGER. I will say to the Senator that if some of us could have the assurance—which we can not have, I take it—that those who are trying to open the coastwise trade to foreign ships would be content with letting only these ships go into the coastwise trade, it would not be very serious; but inasmuch as the effort has been made heretofore to open our coastwise trade to all foreign ships, and this is a beginning in that direction, I have very grave fears as to what the result will be if the Democratic Party continues in power, which I do not believe it will, fortunately. I will say to the Senator that if that feature of this bill could be eliminated it would have a much easier passage through the Senate than it will have with that feature in it.

Mr. FLETCHER subsequently said: I ask permission to include as a part of my remarks without reading the advertisement that I referred to of American and neutral steamers offered for sale by the Marine Trading Co., and of the Standard Shipbuilding Corporation offering for sale standard cargo steamships and the details of new contracts in June and vessels completed during June.

There being no objection, the matter was ordered to be printed in the RECORD.

[From the Marine News, July, 1916.]

**AMERICAN AND NEUTRAL STEAMERS OFFERED FOR SALE—FURTHER PARTICULARS FURNISHED ON REQUEST.**

- No. 202. American, 2,000 D. W.; American built, 1881; accommodations for 360 passengers; 13 knots; prompt delivery, Pacific coast.  
 No. 203. American, 2,300 D. W.; American built, 1913; prompt delivery, Atlantic port.  
 No. 204. American, 2,800 D. W.; American built, 1908; 10 knots; prompt delivery, Pacific coast.  
 No. 205. American, 330 D. W.; American built, 1911; 11 knots on 110 barrels; prompt delivery, Pacific coast.  
 No. 206. American, 4,200 D. W.; American built; 10 knots on 125 barrels; delivery July, Pacific coast.  
 No. 207. American, 2,900 D. W.; American built, 1890; 12 knots; delivery October or November, Orient; December, Pacific coast.  
 No. 208. American, 3,500 D. W.; American built, 1912; delivery July, southern port.  
 No. 209. American, 5,000 D. W.; American built, 1912; delivery July, New York.  
 No. 210. Uruguayan, 5,000 D. W.; built 1899; 9 knots on 15½ tons; prompt delivery, Buenos Aires.  
 No. 211. Uruguayan, 4,200 D. W.; built 1889; 8 knots.  
 No. 212. Uruguayan, 3,600 D. W.; built 1890; 8½ knots.  
 No. 213. Greek, 3,900 D. W.; built 1892; 8 knots on 17 tons; prompt delivery, U. K.  
 No. 214. Greek, 5,250 D. W.; built 1906; 9 knots on 18 or 19 tons; delivery July, U. K.  
 No. 215. Greek, 7,000 D. W.; built 1912; 10 knots on 22 tons; prompt delivery, London.  
 No. 216. Greek, 5,960 D. W.; built 1898; 9 knots on 17 tons.  
 No. 217. Greek, 5,360 D. W.; built 1908; 9½ knots on 16 tons; prompt delivery, European port.  
 No. 218. Greek, 5,360 D. W.; built 1905; 9 knots on 18 tons; prompt delivery, U. K.  
 No. 219. Greek, 5,900 D. W.; built 1898.  
 No. 220. Greek, 5,360 D. W.; built 1908.  
 No. 221. Norwegian, 5,809 D. W.; built 1899; 9 knots on 16 tons.  
 No. 222. Norwegian, 5,300 D. W.; built 1899; 9 knots on 20 tons.  
 No. 223. Norwegian, 5,800 D. W.; built 1899.  
 No. 224. Norwegian, 5,300 D. W.; built 1899.  
 No. 225. Neutral, 6,250 D. W.; built 1900; 9 knots on 17 tons; delivery August, South American port.  
 No. 226. Neutral, 7,200 D. W.; built 1889; 12 to 14 knots; delivery August, European port.  
 No. 227. Spanish, 7,000 D. W.; built 1900; 8 knots on 22 tons.  
 No. 228. Spanish, 5,800 D. W.; built 1898; 9½ knots on 23 tons.  
 No. 229. Spanish, 6,980 D. W.; built 1900; 10 knots on 26 tons.  
 No. 230. Spanish, 6,000 D. W.; built 1900; 8 knots on 20 tons.  
 No. 231. Spanish, 8,000 D. W.; built 1900; 10 knots on 23 tons.  
 No. 232. Norwegian, gross 2,416; net 1,546; built 1898.  
 No. 233. Norwegian, gross 3,715; net 2,428; built 1899; prompt delivery, American port.  
 No. 234. Norwegian, gross 4,375; net 2,808; built 1898.  
 No. 235. Norwegian, gross 2,111; net 1,292; built 1912; delivery July, American port.  
 No. 236. Norwegian, gross 3,531; net 2,230; built 1896; delivery August, European port.  
 No. 237. Norwegian, gross 2,872; net 2,018; built 1882.  
 No. 238. Norwegian, gross 1,378; net 860; built 1906; delivery July, U. K.  
 No. 239. Greek, gross 2,979; net 1,878; built 1904.  
 No. 240. Argentine, gross 674; net 409; built 1890; delivery July, U. K.  
 No. 241. Neutral, 5,300 D. W.; built 1904; 9 knots on 18 tons.  
 No. 242. Neutral, 3,600 D. W.; built 1890; 8 knots.  
 No. 243. Neutral, 6,320 D. W.; built 1900; 9 knots on 21 to 22 tons.  
 No. 244. Neutral, 3,600 D. W.; built 1890; 8½ knots on 15 tons.

**SAILING VESSEL.**

- No. 245. American schooner, 4 masts, about 1,500 D. W.; American built; prompt delivery, New York.

MARINE TRADING CO.  
89 Broad Street, New York.

[The Marine News, July, 1916.]

STANDARD SHIPBUILDING CORPORATION—SHIPBUILDING PLANT, RICHMOND BOROUGH, N. Y.—CITY OFFICE, 44 WHITEHALL STREET, NEW YORK—CABLE ADDRESS, "DOWNEYARD," NEW YORK.

We specialize on the construction of "standard cargo steamships" of about 7,300-ton dead-weight capacity.

Dimensions: 392 feet by 52 feet; 23 feet 8 inches loaded draft; speed, 10½ knots; between decks; classification, 100-A1 British Lloyd's or equivalent.

The output of our shipbuilding plant is sold for deliveries up to March, 1917. We offer for sale "standard cargo steamships" for delivery, one each month, during the balance of 1917.

Offers of purchase of one or more of these "standard cargo steamships" are solicited, and will be filed in the order received and, subject to prior sale, will be acted upon in that order. Sales will be closed at terms and times to be fixed by our board of directors.

WALLACE DOWNEY,  
First Vice President and General Manager.

**Details of new contracts in June.**

Vessels, owner, trade, probable date of launch.	Gross tons.	Speed, knots.
Great Lakes Towing Co.: No. 41, builder's account, towing.....	90	9
No. 42, builder's account, towing.....	90	9
Manitowoc Shipbuilding & Dry Dock Co.: No. 84, F. M. Dyer, trawler, Oct. 1, 1916¹.....	300	10
No. 80, Berghansen, cargo¹.....	2,500	9
No. 81, Berghansen, cargo¹.....	2,500	9
No. 82, Hannevig & Johnsen, cargo.....	2,250	.....
No. 83, Hannevig & Johnsen, cargo.....	2,250	.....
Merrill-Stevens Co.: No. 92, Boston Molasses Co., molasses, January, 1917.....	300	7
Moore & Scott Iron Works: Do, Wilson Bros.....	1,000	.....
Do.....	1,000	.....
Pusey & Jones Co.: No. 1336, C. Hannevig, cargo¹.....	300	.....
Do.....	300	.....
Do.....	300	.....
Do.....	300	.....
No. 1337, C. Hannevig, cargo¹.....	1,600	.....
Do.....	1,600	.....
No. 1338, C. Hannevig, cargo¹.....	1,600	.....
Do.....	1,600	.....
No. 1339, C. Hannevig, cargo¹.....	1,600	.....
Do.....	1,600	.....
Standard Shipbuilding Corporation: No. 4, builder's account, cargo.....	4,800	10½
No. 5, builder's account, cargo.....	4,800	10½
No. 6, builder's account, cargo.....	4,800	10½
Texas Steamship Co.:² No. 1, builder's account, bulk oil.....	6,300	11
No. 2, builder's account, bulk oil.....	6,300	11
No. 3, builder's account, bulk oil.....	6,700	11
No. 4, builder's account, bulk oil.....	6,700	11
Union Iron Works Co.:² No. 148, not given, bulk oil.....	7,200	11
No. 149, not given, bulk oil.....	7,200	11
No. 150, not given, cargo.....	5,950	11
No. 151, not given, cargo.....	5,950	11
No. 152, not given, cargo.....	6,200	11
No. 153, not given, cargo.....	6,200	11
No. 17, W. C. Gilbert, cargo.....	3,600	9½
Williamette Iron & Steel Works & Northwest Steel Co.: John Erland, John Erland, cargo, April, 1917.....	5,700	10½

¹ For foreign owners.

² Probable date of launch: No. 1, March, 1917; No. 2, May, 1917; No. 3, October, 1917; No. 4, December, 1917; No. 148, June 1, 1917; No. 149, July 1, 1917; No. 150, May 20, 1917; No. 151, June 20, 1917; No. 152, July 31, 1917; No. 153, Oct. 1, 1917; No. 17, Mar. 30, 1917.

**Vessels completed during June.**

Vessel, owner, type, and trade.	Gross tons.	Speed, knots.
American Shipbuilding Co.: D. G. Kerr, Pittsburg Steamship Co., cargo, coasting.....	7,756	10
Ellicott Machine Corporation: P. R. R. No. 6, Pennsylvania R. R. Co., towing, coasting.....	191	11
Fore River Shipbuilding Corporation: Sucrosa, Cuba Distilling Co., molasses, foreign.....	5,788	10½
Great Lakes Engineering Works: Maitland, Toronto, Hamilton & Buffalo Ry. Co., car ferry, foreign.....	2,757	13
Harlan & Hollingsworth Corporation: George E. Paddelford, Pan American Petroleum & Transport Co., bulk oil, foreign.....	4,787	11
Manitowoc Shipbuilding & Dry Dock Co.: George A. Wallace, City of Cleveland, Ohio, fire boat.....	112	9
New York Shipbuilding Co.: Standard Arrow, Standard Transportation Co., bulk oil, foreign.....	7,794	11
Toledo Shipbuilding Co.: Moonlite, Standard Oil Co. of New Jersey, bulk oil, foreign.....	1,930	7
Starlite, Standard Oil Co. of New Jersey, bulk oil, foreign.....	1,930	7
Union Iron Works Co.: Acme, Standard Transportation Co., bulk oil, foreign.....	6,395	11

The PRESIDING OFFICER (Mr. CHILTON in the chair). The bill is as in Committee of the Whole and open to amendment.

Mr. GALLINGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Bankhead	Johnson, S. Dak.	Reed	Taggart
Brady	Kenyon	Robinson	Thomas
Bryan	Kern	Shafroth	Thompson
Chilton	La Follette	Sheppard	Tillman
Culberson	Lane	Simmons	Underwood
Fletcher	Martin, Va.	Smith, Ariz.	Vardaman
Gallinger	Nelson	Smith, Ga.	Warren
Hardwick	O'Gorman	Smith, S. C.	Weeks
Hollis	Overman	Smoot	Williams
Hughes	Penrose	Sterling	
Husting	Ransdell	Swanson	

Mr. LANE. I desire to announce the absence of my colleague [Mr. CHAMBERLAIN] on official business.



The PRESIDING OFFICER. Forty-two Senators have answered to their names. There is not a quorum present. The Secretary will call the roll of the absentees.

The Secretary called the names of the absent Senators, and Mr. CLAPP, Mr. DILLINGHAM, Mr. PHELAN, Mr. PITTMAN, and Mr. STONE answered to their names when called.

Mr. BRANDEGEE and Mr. LEWIS entered the Chamber and answered to their names.

The PRESIDING OFFICER. Forty-nine Senators have answered to their names. There is a quorum present.

Mr. PENROSE. Mr. President, I ask to have the names of those Senators who are present read.

The PRESIDING OFFICER. The Chair does not know of any rule for that.

Mr. PENROSE. I ask to have read the names of those Senators who are recorded as present.

The PRESIDING OFFICER. If there is no objection, it can be done. The Chair hears none, and the Secretary will read the names.

The Secretary proceeded to read the names of the Senators recorded as "present," and was interrupted by

Mr. STONE. Mr. President, I may be a little too late, but I wish when the Secretary reads the name of the Senator from Pennsylvania [Mr. PENROSE] to pause a moment and emphasize it.

Mr. GALLINGER. Mr. President, I make the point of order that nothing is in order during the recapitulation.

Mr. WILLIAMS. It is just as much in order as the previous remarks of the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senate will observe that the Chair said it could be done, without objection. There was no objection, and therefore it is being done.

The Secretary resumed and concluded reading the list of Senators present.

Mr. PENROSE. Mr. President, I rise to a question of privilege. For some time there has been dissatisfaction on this side of the Chamber with the way the names have been taken down in counting a quorum. To put it mildly, it seems to me at least that the greatest carelessness has prevailed. It is the duty of the majority to maintain a quorum here, but almost every day the quorum has been maintained largely by the help of the minority. This morning the Senate was held up for one-half an hour or three-quarters of an hour, the majority not being in their seats. It is this kind of laxity in the conduct of the legislative business that has delayed the appropriation bills far past the beginning of the fiscal year and kept us here far into the summer.

I want particularly, Mr. President, to call attention to the name of the senior Senator from Texas [Mr. CULBERSON]. He is recorded as having answered to the roll call. I did not hear that Senator answer, and I certainly did not see him in the Chamber. I ask that that name at least be stricken from the roll of those who answered to the roll call as being present.

The VICE PRESIDENT. The Chair has no power to do that.

Mr. PENROSE. Can not the roll be corrected?

Mr. MARTIN of Virginia. The Senator from Texas was here and responded to his name.

Mr. PENROSE. Did the Senator from Virginia see him?

Mr. MARTIN of Virginia. I saw him in the Chamber.

Mr. PENROSE. Did the Senator hear him answer?

Mr. MARTIN of Virginia. I will state that he was here, and he has been here much oftener than the Senator from Pennsylvania.

Mr. PENROSE. That may be. It would not be hard to beat my record on that.

Mr. WILLIAMS. Mr. President—

Mr. PENROSE. I will yield in just a moment. I want to impress the importance and necessity of having the roll call more carefully conducted and to see that Senators are bodily present in the Chamber and not in the corridor or in their committee rooms.

Mr. SHEPPARD. I wish to state that my colleague, the senior Senator from Texas, has been detained from the Chamber on account of official business in his committee room. He entered the Chamber and answered to his name on the roll call and immediately returned to his committee room. My colleague's attendance record will compare favorably with that of any other Senator.

Mr. WILLIAMS. Mr. President, I want to say that there is not any Member of this body who does not recognize the perfect propriety of making a mentor and monitor out of the Senator from Pennsylvania when it comes to the subject of the duty of Senators to attend in their places here. It is the first time, perhaps, in the history of the Senate—though there may have been other occasions of like character, I do not know assuredly,

but the first time that I remember—when a Senator insisted upon having the names of those who were present read. The Senator from Pennsylvania insisted upon it. I do not know whether it was because he is so seldom present that he thought the fact of his presence ought to be noted, celebrated, or that he thought that whenever he is here the names of those who are present, his chiefly among them, ought to be read.

Mr. PENROSE. Will the Senator permit me?

Mr. WILLIAMS. If the Senator from New Hampshire [Mr. GALLINGER] had asked that the names of those present be read whenever he was here, or the Senator from Utah [Mr. SMOOT] had asked that they be read whenever he happened to be here, or I had had asked to have them read when I was here, or the Senator from North Carolina [Mr. OVERMAN] had had them read whenever he was here, it would take up nearly all the time of the Senate. But I agree that there is nothing more proper, nothing more replete with the lesson of the duty of attendance, than having the names of those who are present read answer to their names read, whenever and wherever the Senator from Pennsylvania happens to be one of them.

Mr. GALLINGER. Mr. President, I rise to a question of order. I dislike exceedingly to interrupt the Senator, but no announcement has been made as to whether there is a quorum present or not.

The VICE PRESIDENT. The Secretary informs the Chair that the former occupant of the chair announced that a quorum was present.

Mr. GALLINGER. I did not hear it.

Mr. CHILTON. I announced it when in the chair.

Mr. WILLIAMS. I do not know whether I am in order or not, but I am just as much in order as the Senator from Pennsylvania was when I took the floor and he sat down.

The VICE PRESIDENT. The Senator is talking on the shipping bill, and while he speaks within the rule he is in order.

Mr. WILLIAMS. If it is the shipping bill, then ships have to have a free sea to sail upon, of course, and we can talk about almost anything; but I was merely calling attention to the fact that if anybody at all were appointed to see to it that we were always here and that we attended the sessions, it ought to be par excellence the Senator from Pennsylvania.

As I grow older I am beginning to think sometimes that I fail in my memory, that my power of recollection seems to grow less, but I have regained confidence. The other day when the Senator from Pennsylvania came into this body, notwithstanding the long lapse of time, I recognized him at once, and a great many Senators complimented me upon knowing who he was without having to take any time either to study his features or ask any questions concerning him. After so long a time I regarded it as a test of my powers of observation and memory.

If it is in order, I should like to move that hereafter whenever the Senator from Pennsylvania is present the Secretary shall ipso facto read the names of those who are present and answer to their names.

Mr. FALL. Mr. President, I should like to make a parliamentary inquiry for information. Does the particular clause now under discussion relate to steamships or to ships that need a breeze to drive them over the sea—wind, in other words?

The VICE PRESIDENT. That is a parliamentary question which the Chair submits to the decision of the Senate.

#### RAILWAY SECURITIES.

Mr. WEEKS. Mr. President, it is my intention to discuss within two or three days some phases of the shipping bill which is now before the Senate, but this afternoon I am going to discuss briefly another subject.

Some days ago when the Army appropriation bill was up for consideration the senior Senator from Wisconsin [Mr. LA FOLLETTE] discussed the question of railway capitalization, and during the discussion some question was raised about the statements made by the Senator. I announced that later on when I had obtained definite and accurate information I would address the Senate upon that subject. I now intend to refer in detail to that subject. In order that there may be clearly before the Senate the subject which I want to discuss I wish to read from the RECORD what the Senator from Wisconsin actually said:

The railroads of this country have been built, and can be rebuilt today, even with the advance in the cost of material, upon which the Senator from Nevada [Mr. NEWLANDS] has dwelt at such length, for the bonded indebtedness of the railroads of the United States. It is the history of all railroad building, sir, that the people have furnished the capital that built the railroads. The Senator from Massachusetts shakes his head in dissent. I give this as the uniform method of railroad construction. If there be exceptions to it, my study—and it has been reasonably diligent, beginning back thirty-odd years ago—has missed it.

Railroads are built in this way: A company is organized and secures a right of way. The right of way is gotten with the payment of but little money. Communities, counties, States are stimulated to believe that the building of the railroad will be a tremendous advantage to them. Their cooperation is secured in the bonding of the towns, in the bonding of the cities, in the bonding of the counties. In many cases farmers have given farm mortgages to promote the building of railroads in this country. The right of way is secured—secured by gifts, by donations. On top of it the bonds of the communities are offered.

Then, Mr. President, a construction company is organized. The construction company takes over the company that secured the right of way, and takes over all it has. Then the construction company proceeds to carry out the construction of the road in a very rough and elemental way. Then it presents to the financiers the proposition of bonding the entire enterprise. It is the history of railroading in the United States that the amount of bonds which have been issued upon each of these enterprises has been sufficient to cover all the expenses of securing the right of way, all the expenses of organization, all the expenses of agents to work upon public sentiment; every dollar of expense is included in the amount for which the property is finally bonded.

The bonds are issued, the railroad is built; and stocks are then issued, which represent no dollar of money, which go into the hands of the promoters of the enterprise as a clear gift.

It is that proposition, Mr. President, which I intend to controvert so far as I can, not because I have any direct or personal interest in it but because I think it is of vital importance to the people of this country to know whether or not a statement made on the floor of the Senate by a leading Senator, which charges that no money whatever has gone into railroad stock, is correct.

We depend for our railroad construction and our railroad development, as the Senator from Wisconsin has said, on the money of the people which goes into the enterprise. If it is true that no money whatever has gone into railroads against which stocks have been issued, as is charged, then it is a vital matter from the standpoint of the people of the country; it is especially a vital matter to them in making their investments. Furthermore, it is of importance in the future, because we must develop our railroad properties to meet the increasing demands which are constantly coming up. The late James J. Hill said not long ago that within a short time—I think within three or four years—that something like \$4,000,000,000 would have to be spent on railroad improvements and railroad development in order to bring the railroads up to the conditions required by the shipping and traveling public. We have plenty of examples before us, which have occurred within the past year, of the incapacity of the railroads to handle the business that has developed as a result of the European war.

My observation is that our people are not greatly agitated about the rates which they pay for passenger or freight transportation, but that they do demand that there shall be good service given. The truth is that our freight rates in the United States are materially less than are the freight rates of any country in the world, and that the passenger rates, with the exception of third and fourth class rates in European countries, are as low as are the rates in other parts of the world. It is not a question of complaining of the rates, but it is a question of getting the service which the people demand. In order to get that service, additional money must go into the railroads; in order to get that money, somebody must sell the securities which the people must buy to obtain it, unless we are going to take over the railroads as a governmental function, which, I am fearful, might be the result if the Democratic Party remained long enough in power. If that is true, and if we must go to those sources for the money with which to develop our railroads, and if it is true that the stocks of the railroads now issued are not represented by property investments, but are purely profit to somebody, then it is going to produce a hesitation on the part of the investing public to put their money into railroad securities. That hesitation does exist to-day.

I am not going to discuss railroad rates, whether they are too high or whether they should be increased, as has been recently proposed; but I am going to say, Mr. President, with an assurance of the correctness of my statement, that there is great hesitation about putting capital into railroad securities at this time. That is definitely shown by the prices at which railroad securities are selling. Certainly the railroads of the country have never had more prosperous times in volume of business than they have had during the last year. It would be impossible for them to profit any more than they have during the past year, unless rates are increased, because, generally speaking, and especially in the case of the eastern railroads, they have been doing all the business they could possibly handle, and very frequently there have been blockades due to their incapacity to handle the business. Even under those circumstances, however, railroad securities are a lagging feature in the market; they do not bring the prices on the returns paid which railroad securities brought 10 years or even 5 years ago.

There must be a reason for this, and the reason undoubtedly is that there is a feeling that the investor can not obtain a fair return on his investment if he puts it into railroad securities with an absolute certainty of the integrity of the investment. I feel that way myself. Railroads have been so restricted that the difference between gross and net is constantly diminishing.

Now, to show, Mr. President, the prices at which railroad securities are selling at the present time, I want to quote the prices of some of the bonds and stocks of the very best railroads in the United States. It is true in the case of the bonds which I shall quote that their price depends somewhat on the length of time they have to run. Of course, if a bond matures within a short time, it is going to sell at very nearly par, while it might sell at materially less than par if it had a long period to run. I am taking the very best railroad bonds, first mortgage or general mortgage bonds in each case. It will be seen what a satisfactory return can be obtained from investments in these securities if there is the confidence which should go with investments of that kind:

Atchison, Topeka & Santa Fe general mortgage fours, selling at 92½;

Chesapeake & Ohio general mortgage four-and-a-halves at 89½;

Chicago, Burlington & Quincy general mortgage fours at 93;

Chicago, Milwaukee & St. Paul general mortgage fours at 90;

Chicago & North Western general mortgage fours at 94;

Chicago, Rock Island & Pacific general mortgage fours at 84;

Erle general mortgage fours at 74;

Illinois Central general mortgage fours at 89;

Lake Shore general mortgage fours at 94;

New York Central general mortgage three-and-a-halves at 82;

New York Central debenture four-and-a-halves at 92;

Pennsylvania Railroad general mortgage fours at 99;

Pennsylvania 4½ per cent general mortgage bonds at 101½;

Southern Pacific general mortgage fours at 89; and

Union Pacific general mortgage fours at 96½.

It will be seen, assuming that those bonds mature within a reasonable time, that every bond on that list is selling on substantially a 4½ per cent basis, and, as I have said, they are the very best railroad bonds which are issued in the United States.

I noted in looking at the paper this morning that there were being offered to the public by a New York banking house bonds of the Minnesota Transfer Co., which company owns or controls the lines of transfer railroad in St. Paul and Minneapolis which connect the great systems running into those places, bonds maturing in 1946, bearing 5 per cent interest, a first mortgage on the property, at 102. Of course there could not be a much better bond issued than that, and it shows that substantially the best railroads are paying 5 per cent for the money which they are borrowing under present conditions.

Now, let us take the prices of stock as a further substantiation of the statement I have made. The average price of 50 stocks selling on the New York Stock Exchange yesterday was 85.14. The same stocks a year ago were selling at 77.17. Everybody knows what a marked increase there has been in the selling price of securities during the past year. Some of them have doubled in price. The stock of almost every industrial concern in the country which is listed on the stock exchanges has increased from 25 to 50 per cent in price, and yet railroad securities, including the standard railroad stocks of the country, have only increased in price about 7 per cent.

The returns which investors may get from railroad stocks are indicated from the following prices, which I will read:

Atchison common stock, selling at 102, pays 6 per cent, and has done so since 1907.

Northern Pacific stock, selling at 110, pays 7 per cent, and has done so since 1903; and it paid an extra dividend in 1908 of 11.26 per cent.

The stock of the Chicago & North Western, one of the very best-managed railroads in the United States, selling at 126, pays 7 per cent, and has done so since 1902.

The stock of the St. Paul Railroad, selling at 94, pays 5 per cent at this time, but paid as high as 7 per cent between 1902 and 1911.

Union Pacific stock, selling at 140, now pays 8 per cent, but paid 10 per cent from 1907 to 1914.

Pennsylvania stock, selling at 116, is on a 6 per cent basis.

New York Central stock, selling at 104, is paying now 5 per cent.

Louisville & Nashville stock, selling at 126, has paid from 6 to 7 per cent, except for the last year or two, during the period to which I have referred in the other cases.



In other words, these standard railroad stocks are returning to the investor from 5½ to 6 per cent.

Money has been relatively cheap in the United States during the past year. Notwithstanding the great business which has been developed, there has been an ample supply of money, and I maintain that there is not a business or manufacturing concern in the United States which has not been able to buy its money cheaper than have the standard railroads.

I want to see the public well served by the transportation lines. They are the arteries of our industrial life, and if they do not serve the public efficiently, if they have not the means to serve the public efficiently, then we are going to have stagnation in other directions. The very fact that we have developed a great industrial business in the United States during the past two years has been of material moment in connection with the transportation problem, because if the transportation lines could not serve the industrial elements satisfactorily we would have been unable to have developed our industrial production as we have; but there has been great dissatisfaction with the way the railroads have been able to serve the public, and I wish to present the reason given by one of these railroads for this condition.

The Lehigh Valley Railroad has been one of those most severely criticized because it has been unable to handle its business at its New York terminals. I wrote the president of that road some time ago, asking him the reason for this condition, and I read for the RECORD his reply to my letter:

LEHIGH VALLEY RAILROAD CO.,  
143 Liberty Street, New York, January 21, 1916.

MY DEAR SENATOR: I am in receipt of your letter of January 11, in which you ask my opinion "as to the reasons for the present congestion in the port of New York, its effect upon the general railway situation, and its relation to the present shipping conditions."

Your inquiry involves a subject of vital interest to the railroads of this country, and I have come to the conclusion that it is receiving the serious consideration of the authorities at Washington.

A short time ago I received a letter from the Secretary of the Treasury asking for information on the same subject. Under date of January 7, I wrote to the Secretary, giving in detail, so far as it affected the Lehigh Valley Railroad, the embargo problem in the port of New York. In summarizing this problem my letter to the Secretary said:

"In reply to that portion of your letter which states that the chief purpose of this inquiry is to find out how the commerce of the country is being affected injuriously or otherwise by the congestion and embargo in question and how far the lack of adequate ocean transportation facilities is responsible for this condition, I would refer you to a compilation contained in the Journal of Commerce on Wednesday, January 5, 1916. This compilation shows that during the year 1915 there was a net increase of 1,125 vessels arriving in New York from foreign ports, as compared with the year 1914. In other words, we have considerably more steamers coming to this port to-day than ever before.

"It is true that despite this increase in the number of vessels the tonnage of the vessels entering the port in 1915 was 932,058 less than in 1914, but in studying tonnage figures it must be remembered that the two great German steamship companies have ceased operations from this port, and many of the large vessels of other lines have been requisitioned by their respective Governments. It also should be remembered that the largest of the vessels, now out of service, which swelled the tonnage figures for 1914, were primarily passenger boats. The great increase in vessels devoted exclusively to freight more than offsets, therefore, the apparent losses shown in tonnage figures.

"It would appear, therefore, that while we have had an increase in the number of vessels coming to the port of New York, the chief cause of the congestion is to be found in the fact that the railroads were unprepared to handle the avalanche of freight created in the United States because of abnormal conditions abroad. The cause for this unpreparedness of the railroads to meet abnormal conditions is to be found in the remarkable decrease in new construction work and purchases of equipment in the five calendar years ending with 1914 as compared with the five years ending with 1906, as follows:

*New construction and equipment orders.*

	1902-1906	1910-1914	Decrease.
			<i>Per cent.</i>
New mileage built.....	25,521	14,787	42
Freight cars ordered.....	1,092,375	736,075	32
Locomotives ordered.....	22,393	15,894	29

"You are familiar with the money market and therefore are aware that railroad financing has become exceedingly difficult, not only because of the higher rates of interest demanded for new bond issues, but also because the investing public became exceedingly timid in regard to railroad securities. This timidity was caused by the multiplicity of burdens placed upon the railroads by the Federal and State regulatory authorities, by increased wages, increased taxes, and increased cost of supplies. Because of these adverse conditions financing for extensions became so difficult that new construction and equipment orders fell off, as indicated above.

"I regard it as profoundly important to direct attention to the fact that, while the industries of the United States were able to take care of the abnormally large amount of business offered them as a result of the war, the railroads have not been able to dispatch the freight as rapidly as in normal times. To my mind the demonstrated strength of our industries shows clearly that the railroads must be able to keep pace with industrial progress in this country. I am hopeful that the congressional investigation suggested by President Wilson will show the disparity between industrial and railroad development and that as a result of such an investigation our Government will devote itself

to constructive railroad legislation. If the railroads and our industries are able to march side by side in our national development I do not think we need fear a recurrence of existing conditions."

A short time previous to my receipt of the letter from the Secretary of the Treasury I was asked by the Federal Trade Commission to answer a number of questions regarding the development of our export trade. To my mind the present condition in the port of New York bears a very close relation to the industrial development in which the Federal Trade Commission is so keenly interested.

It must be obvious to you that the railroads of this country are interested in industrial expansion. I assume that it is the desire of the Federal Trade Commission to encourage such expansion. But there is a practical side to such expansion which can not be overlooked. It is true that our present volume of foreign trade is abnormal, and it is also true that this country is on the eve of a commercial development which, if properly developed, can not fail to be generally beneficial.

It seems strange to me, however, that one branch of the Federal Government should devote itself to the broad policy of development of our foreign trade without some thought being devoted to the transportation facilities which would make that foreign trade possible. Development of home industries means increased production; increased production means an increased volume of freight; and increased freight traffic must result in a comprehensive development of our railroads.

Is it not fair to ask that if the Federal Government is to encourage industrial development that it also give serious consideration to the sort of constructive regulation of and legislation for the railroads that will enable them to handle the heavy increase in business which our industries have shown themselves capable of producing?

I am keenly interested in this entire problem and if this letter has served to throw some light on a problem which seems to be somewhat puzzling, you are at liberty to make such use of it as you see fit.

Sincerely, yours,

E. B. THOMAS.

HON. JOHN W. WEEKS,

United States Senate, Washington, D. C.

That adds cumulative evidence to the statement I have made that it is impossible—and I can bring any amount of the same kind of evidence—for the railroads to finance themselves in order to meet the industrial business conditions which have developed. If such statements are to go broadcast throughout the country as the one which I have quoted from the Senator from Wisconsin, that there has been no capital invested in railroads represented by stocks, then it is going to make investors more timid. It is true that in the earlier days—in the seventies, possibly the early eighties—there were railroads constructed in the unbroken West in the manner which has been described by the Senator from Wisconsin. It was absolutely impossible to get capital to go into the West at that time on other conditions. It was necessary to offer a premium and a possible speculative return on such an investment. Therefore the bonds that were issued did pay higher rates of interest—6 and sometimes 7 per cent—and very often stock was sold at a less price than par, and frequently, I have no doubt, was given with the bonds in order to induce capital to go into an untried field where the population had not developed and where business conditions really did not warrant at the time the building of a railroad.

If any of us had been investors at that time, I think our own conclusions would have been that we wanted to have some possibility of a profit from the stocks if we were going to put our money into such enterprises. But that any such condition has existed within the last 30 years I emphatically deny. The manner of issuing securities by the great railroad companies has entirely changed. In most States there are public-service commissions or railroad commissions which superintend the issuing of securities; and I am going to demonstrate by instancing a few railroads that the statement which I have quoted from the Senator from Wisconsin has absolutely no foundation whatever.

I am going to take first what is considered by many the most important railway system in the United States—the Pennsylvania system—and I will read a letter which I have received from the president of that road:

I will be very glad indeed to furnish you the information just as requested in your favor of the 7th if you particularly desire it in that way, but it has seemed to me, after reading the speech to which you refer, that it would answer your purpose better if I were to summarize the data, to meet the principal point in question, from the records of the Interstate Commerce Commission, being returns made to them under oath "in re investigations of rates, practices, rules, and regulations governing the transportation of anthracite coal, I. C. C. Docket 4914," and I will accordingly show it in this way:

Capital stock (from the date of incorporation, 1846, to Dec. 31, 1912):  
Par value issued.....\$453,910,807

Mind you, this goes back to 1846—

Cash value of proceeds.....\$499,501,251

Less—

Commissions.....\$2,252,842

Stock issued as dividends.....19,430,000

21,862,842

477,818,409

Net cash proceeds in excess of par value.....23,907,602

(Par value of stock, \$50; average sale price, \$52.63.)

That does not look very much as if any stock had been given away to investors with bonds or in any other way. The treasury of that company has benefited to the extent of more than \$23,000,000 by the sales of its capital stock in addition to its par value during this period of 70 years.

Funded debt (from date of incorporation, 1846, to Dec. 31, 1912):

Par value issued	\$491,795,975
Cash realized	478,557,000

Net cash proceeds less than par value	13,238,975
Cash proceeds of capital stock and funded debt in excess of par value from date of incorporation to Dec. 31, 1912	10,668,627

In connection with the difference between the cash proceeds and the par value of bonds, as you doubtless know, the amount realized from the sale of bonds is largely regulated by the rate of interest which the security bears. The average interest rate on the funded debt of the Pennsylvania Railroad Co. as of December 31, 1915, was 4.40 per cent.

So that for all this capital which has been used in the development of the great Pennsylvania system the company has received in cash \$10,668,627 more than the par value of all the stocks and bonds issued. It must be remembered, too, that many of the bonds which have been issued in recent years have borne a very low rate of interest, and therefore, for that reason, they have frequently been sold at less than their face or par value. It does not make a great difference to a railroad whether it sells a 4½ per cent interest-bearing bond at a material premium over par, or whether it sells a 4 per cent bond at a discount from par, thereby reducing its annual rate of interest by one-half of 1 per cent; and in the case of the Pennsylvania road, as in some of the others to which I will refer, the bonds have been sold at less than par for the reason that they have carried a very low rate of interest.

I will not rest my case, however, on the showing made by the Pennsylvania Railroad, but I will take another of the great railroad systems of the country—the New York Central.

In the case of the New York Central road and its allied lines, the following figures have been taken from the books of the company, and are embodied in a letter to me from the president of the company:

The bonded debt of the New York Central, exclusive of equipment trust certificates, amounts to \$631,981,000; its outstanding capital stock is \$249,590,460; total bonds and stock, \$881,571,460.

During the 26 years from July 1, 1890, to July 1, 1916, the New York Central issued a total of \$160,162,160 of stock and a total of \$603,892,000 of bonds, which are now outstanding. Of that amount of bonds, approximately \$131,000,000 were issued for the refunding of bonds, bearing a higher rate of interest, outstanding on July 1, 1890, and the balance—approximately \$473,000,000—was issued and sold for corporate purposes other than refunding. The bonds issued for refunding were issued at par or better, and the remainder was sold at an average of 96.72 per cent of par. The discount on the sale of bonds amounted to \$15,509,268.75, or 3.28 per cent on the par of the bonds issued for other than refunding purposes.

The table which I shall offer and ask to have printed will indicate that the average rate of interest on these bonds is just about 4 per cent.

The commissions paid on the sale of bonds amounted to \$5,311,020, or 0.879 per cent on the par of bonds issued. The interest paid on the \$603,892,000 of bonds averages 4.211 per cent on their par value, or, including the amortization of discounts and commissions, an average of 4.313 per cent of par.

All of the stock was sold at par or better.

You will observe that since July 1, 1890, new money for capital purposes other than refunding has been provided by the sale for cash of stock and bonds of the par value of \$663,000,000, in even figures. In addition, and between January 1, 1900, and June 1, 1916, over \$133,000,000 out of income has been either reinvested in the property or carried to surplus.

The price at which bonds can be sold depends, among other things, on the rate of interest which they bear. Certain of the bond issues of the New York Central, because of their low interest rate, have been sold at a discount. Other things being equal, the greater the interest rate the more a bond will sell for. From the company's standpoint, the financial result may be the same when it sells at less than par a bond having a low interest rate and when it sells at par or better a bond carrying heavier interest. In fact, when a company sells a bond at a discount the result is frequently more favorable to it, because, amortizing the discount over the life of the bond and adding it to the interest, the company gets its money at less cost than it would have gotten it for had it sold at a higher price a bond bearing larger interest.

The proportions which the securities so issued bear to total capitalization appear from an inspection of the accompanying balance sheets.

They amount to about three-quarters of the total issues of securities of the New York Central Railroad.

I send you a copy of a circular letter dated February 23, 1915, to the stockholders, containing information as to the financial condition of the company, and also a copy of a pamphlet giving a history of the New York Central, both of which I think you will find of interest.

I shall ask, after quoting two or three paragraphs from this circular, Mr. President, to put it into the Record. It indicates some of the methods of spending the money which has been raised by this railroad company during recent years, and the reasons why the capital stock and the bonded indebtedness have increased to such a degree. For example:

The more important improvements made on the lines now comprising the New York Central Railroad since January 1, 1910, include:

Further construction at the Grand Central Terminal, at a cost of \$30,000,000 (including commercial buildings), in order to meet the requirements of an increasing passenger business, and to develop the valuable real estate within the terminal area. The annual rentals received from the Grand Central Terminal amount to more than \$2,000,000, which should increase as further improvements are completed and become productive.

Acquisition of important links in the company's main line previously held on lease, \$14,185,000.

Four tracking between New York and Albany, including improved signaling and new stations, \$15,931,000.

New passenger stations at Rochester and at Utica, including new engine terminals, new yards, and appurtenances, \$6,886,000.

Elimination of grade crossings and enlargement of Gardenville yard, \$3,276,000.

Electrification work between New York, Croton, and White Plains, \$3,783,000.

Enlargement and improvement of facilities west of Buffalo, \$14,000,000.

That statement was issued by the New York Central Railroad to explain the reasons for the issue of bonds which this circular advertises, which were sold at about par; and it indicates the tremendous amount of money which must be spent by railroad companies in order to keep their systems up to the needs of the public.

I ask permission to put this circular in the Record.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

THE NEW YORK CENTRAL RAILROAD CO.,  
GRAND CENTRAL TERMINAL,  
New York, February 23, 1915.

To the stockholders of the New York Central Railroad Co.:

The board of directors has authorized an issue of \$100,000,000 of 20-year 6 per cent convertible debenture bonds, which (subject to approval by stockholders and the public authorities having jurisdiction) are hereby offered for subscription by the stockholders at par, to the extent of 40 per cent of their several holdings of record of the capital stock of the company at 3 o'clock p. m. on March 19, 1915.

Information as to the bonds and directions for the guidance of stockholders will be found on the page which follows this letter.

The entire issue has been underwritten, the underwriters agreeing to take so many of the bonds as are not subscribed for by the stockholders.

These bonds will be the direct obligation of the New York Central Railroad Co., formed by the consolidation of the New York Central & Hudson River Railroad Co. and the Lake Shore & Michigan Southern Railway Co. and certain of their subsidiaries. As now constituted the railroad of the consolidated company comprises 6,050 miles of main line and 14,670 miles of track.

The proceeds of the sale of the bonds will be used to fund an equal amount of the company's now unfunded debt, which has been incurred for the betterment and extension of its railroads and in the acquisition of property.

The convertible bonds will carry an interest charge substantially the same as that heretofore paid on the notes to be funded.

The more important improvements made on the lines now comprising the New York Central Railroad since January 1, 1910, include:

Further construction at the Grand Central Terminal, at a cost of \$30,000,000 (including commercial buildings), in order to meet the requirements of an increasing passenger business, and to develop the valuable real estate within the terminal area. The annual rentals received from the Grand Central Terminal amount to more than \$2,000,000, which should increase as further improvements are completed and become productive.

Acquisition of important links in the company's main line previously held on lease, \$14,185,000.

Four-tracking between New York and Albany, including improved signaling and new stations, \$15,931,000.

New passenger stations at Rochester and at Utica, including new engine terminals, new yards, and appurtenances, \$6,886,000.

Elimination of grade crossings and enlargement of Gardenville yard, \$3,276,000.

Electrification work between New York, Croton, and White Plains, \$3,783,000.

Enlargement and improvement of facilities west of Buffalo, \$14,000,000.

Since January 1, 1900, the New York Central & Hudson River Railroad Co., the Lake Shore & Michigan Southern Railway Co., and their subsidiaries, now consolidated into the New York Central Railroad Co., increased their resources by \$658,000,000, of which over \$122,000,000 came from the sale of capital stock and over \$114,000,000 from earnings. The remainder came from the sale of bonds, equipment trust certificates, and notes.

During the same period more than \$400,000,000 has been spent for additions, betterments, new construction, and new equipment. The following tables give the approximate figures:

*Increase in resources since Jan. 1, 1900.*

From—	
Capital stock	\$122,729,000
Funded debt	234,621,000
Equipment trust certificates	53,782,000
Notes	132,743,000
Income (reinvested in the property or carried to surplus)	114,242,000
Total	658,117,000

*Disposition of the increase in resources.*

For—	
Additions, betterments, and new construction	\$246,745,000
New equipment	155,637,000
Stocks and securities acquired	161,377,000
Advances to affiliated companies	72,879,000
Material, supplies, and working fund	21,479,000
Total	658,117,000



The expenditures above mentioned have been made in order that the companies might keep pace with the growth of their business and provide the facilities needed to enable them to perform their public service. The benefits which have come from them are shown by the increases in the gross of operating revenues (including auxiliary operations), which are set forth in the following table:

	Total, including auxiliary operations.
1900	\$87,050,000
1901	99,006,000
1902	102,394,000
1903	114,983,000
1904	114,041,000
1905	125,000,000
1906	137,257,000
1907	146,604,000
1908	131,971,000
1909	146,770,000
1910	158,753,000
1911	162,263,000
1912	175,578,000
1913	186,905,000
1914	168,153,000

During the six years 1909 to 1914, inclusive, the net corporate income of the companies now consolidated, after the deduction of charges prior to the interest on the convertible bonds now to be issued, has averaged \$21,792,000, while the interest charge on the new bonds will call for \$6,000,000.

When the convertible bonds shall be outstanding the average of the interest which the company will pay on the total of its bonded debt will be 4.17 per cent, and the average interest upon its equipment trust certificates will be 4.61 per cent.

In every year since its incorporation in 1869 the New York Central & Hudson River Railroad Co. paid dividends at the rate of not less than 4 per cent per annum.

The consolidation of the New York Central & Hudson River Railroad and the Lake Shore & Michigan Southern Railway Cos. has brought into the treasury of the New York Central Railroad Co. securities of a book value of approximately \$218,000,000, part of which, representing the entire issues of controlled properties, are not currently quoted. The book value of the stocks which are currently quoted is about \$100,000,000, compared with a present market value of over \$125,000,000. These holdings include stocks of Reading Co., Pittsburgh & Lake Erie, Mahoning Coal Railroad, Nickel Plate, Big Four, etc.

About 78 per cent of the company's investments in securities is in affiliated steam roads. The interests of the company in street railway or other local utilities are its holdings in the Mohawk Valley Co. and the New York State Railways, which during the last five years have paid the company an average of 6.75 per cent on its investment.

During 1915 the increases in freight rates recently granted by the Interstate Commerce Commission will become effective, and on the basis of 1914 business will result in adding about \$3,500,000 to the company's income. Further increases in passenger rates which are now pending, and which it is hoped will shortly become effective, will still further add to income.

Of the \$658,000,000 which has been added to the resources of the company since January 1, 1900, \$237,000,000 has been derived from income and from the sale of capital stock and \$421,000,000 from the sale of bonds, equipment trust certificates, and notes. So soon as the convertible bonds are sold and the proceeds applied to the payment of notes which are now outstanding all of the \$421,000,000 of indebtedness above mentioned will have been funded with the exception of about \$32,000,000, which is offset by indebtedness of other companies.

The New York Central & Hudson River Railroad Co. executed its refunding and improvement mortgage, dated October 1, 1913, which, now that consolidation has been effected, is to be extended to include also the railroads formerly of the Lake Shore & Michigan Southern Railway Co. and of the other railroad companies included in the consolidation. Of the refunding and improvement mortgage bonds, \$40,000,000 have already been sold. It is expected that eventually bonds issued under this mortgage will provide for the capital requirements of the consolidated company so far as they are to be met from the sale of bonds. Owing to the unusual financial conditions now prevailing the board of directors has decided that it is best to fund the now maturing note indebtedness of the company by an issue of debenture bonds, convertible into stock, and to offer such bonds to the stockholders so that those who subscribe may share in the advantages which it is expected will come with the return of more prosperous years.

At the request of the company, and under the terms of the fiscal agency arrangement of February, 1911, Messrs. J. P. Morgan & Co. have formed a syndicate (of which they are members) to underwrite the issue at par. As fiscal agents they are to receive for their services their stipulated commission of 1½ per cent. The syndicate is to receive for its underwriting a commission of 2½ per cent. The company is to have the benefit of all commissions on directors' subscriptions. To the extent that profits shall be realized by the syndicate in excess of its commissions, the same shall be divided equally between it and the company. No commissions are to be payable except in respect and to the extent of such bonds as shall be actually issued.

A special meeting of the stockholders will be held on April 20, 1915, at the office of the company in Albany, N. Y., to authorize the issue of the convertible bonds and an increase of \$100,000,000 in the amount of the capital stock of the company to be used for the conversion of the bonds so far as required, and to authorize the leasing of the railroads of the Ottawa & New York Railway Co. and of the St. Lawrence & Adirondack Railway Co., of which companies the New York Central owns all of the capital stock.

Inclosed herewith is a proxy for the stockholders' meeting, which please sign and return to the secretary at your early convenience.

A. H. SMITH, President.  
Dwight W. PARDEE, Secretary.

#### INFORMATION AS TO THE BONDS AND DIRECTIONS AS TO SUBSCRIPTIONS.

The convertible debenture bonds referred to in the foregoing letter will be \$100,000,000 in amount; will be dated May 1, 1915; will mature May 1, 1935; will bear 6 per cent interest from May 1, 1915; and will be convertible, at the option of the holders, after May 1, 1917, and prior to May 1, 1925, into the common stock of the New York Central Railroad Co., or of any successor company, as such stock shall be constituted at the date of conversion, on the basis of \$105 per share for the stock, the \$5 being payable either in the bonds or in money.

The company reserves the right to retire all or any part, not less than \$5,000,000, of the bonds on any interest day or days on or after May 1, 1918, at 110 per cent of par and interest on 90 days' notice, but if so called for redemption the bonds may be converted into stock up to 30 days prior to the date of redemption. Coupon bonds will be in denominations of \$100, \$500, and \$1,000, and may be registered as to principal. Registered bonds will be in denominations of \$1,000 and such multiples thereof as the board of directors may determine; \$100 bonds and \$500 bonds, in aggregates of \$1,000, may be exchanged for a \$1,000 bond. Coupon bonds for \$1,000 and registered bonds will be interchangeable.

Stockholders of the New York Central Railroad Co. have the right to subscribe on or before April 20, 1915, for bonds at par to the extent of 40 per cent of the par value of their several holdings of record of the capital stock of the company at 3 o'clock p. m. on March 19, 1915.

Subscriptions will be payable in three installments, as follows: On May 1, 1915, 50 per cent; on September 1, 1915, 25 per cent; and on October 1, 1915, 25 per cent. To installments paid on September 1 and to installments paid on October 1 will be added interest at the rate of 6 per cent per annum from May 1, 1915, to installment payment dates. Subscribers have the right to anticipate the payment of installments by making payment thereof on any of the installment dates.

Warrants will be mailed to stockholders as soon as possible after March 19, 1915, and will specify the amount of bonds for which they are severally entitled to subscribe.

The privilege of subscription will be accorded only to the holders of subscription warrants for \$100 or a multiple thereof, and to their assigns, under assignments executed in the prescribed form on the back of the warrants.

Stockholders who desire to subscribe for only a portion of the bonds to which they are entitled and to sell their subscription rights for the balance may exchange their original subscription warrants at the office of the company in New York for subscription warrants, in denominations of not less than \$100 each, of an equal aggregate amount. Such exchange must be made on or before April 16, 1915.

For each fraction of a bond less than \$100 a fractional warrant will be issued, which may be surrendered on or before April 16, 1915, at the office of the company in New York, together with other fractional warrants aggregating in amount at least \$100; and a subscription warrant or warrants in the denomination of \$100 or a multiple thereof, together with a new fractional warrant, if required, of an aggregate amount equal to the aggregate amount of the surrendered fractional warrants, will then be issued in exchange therefor. After April 16, 1915, no new fractional warrants will be issued, and all fractional warrants outstanding will be void and of no effect.

Fractional warrants may be bought or sold in the market, but will not be bought or sold by the company.

The subscription warrants must be presented and surrendered with the subscription made in respect thereof on the form to be provided on the back of said subscription warrants. If the subscription warrants are not so presented and the required payment made, such subscription warrants will become wholly void and of no value, and the privilege of subscription will cease.

Upon payment of the first installment a negotiable receipt will be issued therefor, which must be presented when further installments are paid, so that such payments may be entered thereon. All receipts must be surrendered to the company before bonds are issued.

Upon the making of final payment, engraved bonds, or receipts exchangeable for engraved bonds as soon as the latter are ready for delivery, will be issued.

Failure to pay any of the installments when and as payable will operate as a forfeiture of all rights in respect of the subscription.

Warrants will be issued and subscriptions will be received subject to the approval of the issue by the stockholders and by the governmental bodies having jurisdiction in the matter.

Mr. WEEKS. I will now take a railroad system in another section of the country, because it may be charged that the method of financing in the East is different from that in the West. In that connection I will read a letter from Mr. E. P. Ripley, the president of the Atchison, Topeka & Santa Fe Railway. Incidentally I want to say here, lest I forget it, that in many cases in the building of western railroads 40 or 50 years ago, where stocks were given with the bonds issued without any additional cost to the owner of the bonds, there have been reorganizations of the roads, and such stocks have been wiped out of existence. Furthermore, and incidentally, 45,000 of the 250,000 miles of railroads in the United States are at this time in the hands of receivers. If one will take the time to go over the railroad conditions which have existed during the last 30 years, it will be found that very much more than a majority of the mileage of the railroads of the United States has been at some time in the hands of receivers, and in many cases the stocks which were subscribed for originally have been wiped out.

Mr. Ripley says:

ATCHISON, TOPEKA & SANTA FE RAILWAY SYSTEM,  
Chicago, July 14, 1916.

Hon. JOHN W. WEEKS,  
United States Senate, Washington, D. C.

DEAR MR. WEEKS: In compliance with your letter of July 7 I am attaching a statement showing sales to date of securities by the Atchison Co. since January 1, 1896, the date the reorganization of the company became effective, together with the proceeds of these sales. The Atchison Co. has not since their acquisition sold any securities of subsidiary companies. Furthermore, it has sold no common stock except that \$112,357,000 convertible bonds have been exchanged to June 30, 1916, for an equal amount par value of common stock.

The preferred stock shown in the statement was sold to the public through the medium of bankers.

The securities covered by the statement represent 42.62 per cent of the capital liabilities of the Atchison, Topeka & Santa Fe Railway Co. as of June 30, 1916, including assumed obligations of subsidiary companies outstanding in the hands of the public.

Yours, truly,

E. P. RIPLEY.

## Atchison, Topeka &amp; Santa Fe Ry. Co.

PROCEEDS OF SALE OF SECURITIES, JAN. 1, 1896, TO JUNE 30, 1916.

Dates of sales.	Par amount.	Cash proceeds.	Discount.
Preferred stock: December, 1915.....	\$9,999,970.00	\$9,879,637.50	\$120,332.50
General mortgage fours (due Oct. 1, 1995):			
June, 1897.....	3,000,000.00	2,467,500.00	532,500.00
July, 1898.....	3,500,000.00	3,220,000.00	280,000.00
November, 1898.....	2,500,000.00	2,311,100.00	188,900.00
April, 1899.....	1,000,000.00	990,666.67	9,333.33
May, 1899.....	1,000,000.00	996,000.00	4,000.00
June, 1899.....	1,000,000.00	999,333.33	666.67
June, 1900.....	3,600,000.00	3,554,000.00	45,400.00
October, 1900.....	5,000,000.00	4,947,541.66	52,458.34
October, 1903.....	10,000,000.00	9,500,000.00	500,000.00
October, 1907.....	3,000,000.00	2,820,000.00	180,000.00
April, 1908.....	1,000,000.00	940,000.00	60,000.00
	34,600,000.00	32,746,741.66	1,853,258.34
Serial debenture fours (\$2,500,000 due Feb. 1, 1903, and each year thereafter): February, 1902.....	30,000,000.00	27,600,000.00	2,400,000.00
Eastern Oklahoma Division first mortgage fours (due Mar. 1, 1928):			
March, 1903.....	1,922,000.00	1,720,190.00	201,810.00
April, 1903.....	679,000.00	605,020.00	73,980.00
May, 1903.....	2,016,000.00	1,894,320.00	211,680.00
June, 1903.....	1,031,000.00	922,745.00	108,255.00
September, 1904.....	1,483,000.00	1,311,547.50	171,452.50
February, 1908.....	1,975,000.00	1,727,582.17	247,417.83
	9,603,000.00	8,550,254.67	1,052,745.33
Transcontinental Short Line fours (due July 1, 1958):			
July, 1908.....	17,000,000.00	15,512,500.00	1,487,500.00
September, 1915.....	545,000.00	470,062.50	74,937.50
November, 1915.....	5,000,000.00	4,350,000.00	650,000.00
	22,545,000.00	20,332,562.50	2,212,437.50
California-Arizona lines four-and-a-halves (due Mar. 1, 1962): March, 1912.....	18,299,095.00	18,116,698.05	182,396.95
Convertible fours, issue of 1905 (due June 1, 1955):			
April, 1905.....	32,420,000.00	31,233,860.25	1,186,139.75
April, 1906.....	16,295,000.00	16,295,000.00	
September, 1909.....	12,000.00	12,480.00	480.00
March, 1910.....	7,000.00	7,280.00	280.00
April, 1915.....	977,000.00	997,702.50	20,702.50
	49,711,000.00	48,546,322.75	1,164,677.25
Convertible fours, issue of 1909 (due June 1, 1955):			
July, 1909.....	28,258,000.00	29,105,740.00	847,740.00
Convertible fours, issue of 1910:			
June, 1910.....	43,686,000.00	43,904,430.00	218,430.00
Convertible fives (due June, 1917):			
July, 1907.....	26,056,000.00	25,756,560.00	299,440.00

In other words, it will be found there has been a discount of about 5 per cent on the par value of the bonds of the Atchison road that have been issued since its reorganization in 1895, and the only capital stock issued was sold at substantially par.

I take another railroad. In this instance I am going to take a New England railroad, the Boston & Maine. I think there never has been any contention as to any part of this system that any money that has gone into the system has been badly spent on any charge against its directors, as has been the case with the New Haven road.

The Boston & Maine Railroad issue of common stock between 1890 and 1916 aggregated \$222,438,654, at an average price of \$126.92 a share. In other words, the amount realized by the railroad amounted to a premium of very nearly 27 per cent on its par value.

The stock issued by the branch lines of the Boston & Maine Railroad during that time amounted to 102,615 shares. The average price at which these stocks were sold, the return made to the treasury, was \$207.82 a share. In other words, the treasury received more than twice as much in the case of its branch lines as the par value of the stock issued.

The summary of the Boston & Maine system shows a capital stock of 307,000 shares, which has netted the treasury of the company \$46,757,182, or, practically speaking, 50 per cent more than the par value of the securities.

One of the principal branches of the Boston & Maine system is the Boston & Lowell Railroad, which owns the terminals of the system in Boston. There have been issued by the Boston & Lowell Railroad during the period to which I am referring, the last 26 years, 21,500 shares of stock, at an average price of \$204.74. In other words, the Boston & Lowell treasury has received more than \$2 for every \$1 of stock issued, and that is

largely true in the other instances of the branch lines which I have here, and which I will not read, asking permission to put them in the Record in connection with my remarks.

The Boston & Maine Railroad has sold bonds since 1896 to an aggregate volume of \$43,338,000. The bonds average to bear about 4 per cent interest. They range from 3 per cent to 4½ per cent. The return to the treasury for these bonds aggregated \$43,523,543, or almost exactly the par of the bonds—slightly more rather than less.

The Boston & Lowell Corporation, the branch of the Boston & Maine to which I have referred, issued bonds in that period aggregating \$4,278,000, which brought to the treasury \$4,331,000.

As I have stated, all these securities were issued under the direction and the approval of the Massachusetts Public Service Commission.

I will ask to put in the Record all the figures relating to this system, some of which I have quoted.

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

## Boston &amp; Maine R. R.

AMOUNT RECEIVED FOR COMMON STOCK ISSUED FOR CASH 1890 TO 1916.

	Shares (par, \$100).	Price per share.	Issued to—	Amount realized.
June, 1891.....	46,414	\$100.00	Stockholders..	\$4,641,400.00
January, 1900.....	17,351.454	191.00	Public.....	3,314,384.75
January, 1903.....	2,000	190.50	Public.....	381,000.00
January, 1905.....	8,000	170.625	Public.....	1,365,000.00
September, 1906.....	36,337.200	165.00	Stockholders..	5,995,638.00
January, 1910.....	5,699	143.50	Public.....	817,094.12
December, 1910.....	104,364	110.00	Stockholders..	11,480,040.00
August, 1911.....	2,273	105.25	Public.....	238,949.12
Total.....	222,438.654	126.92		28,233,505.99

COMMON STOCK ISSUED TO STOCKHOLDERS IN EXCHANGE FOR STOCK OF ROADS PURCHASED.

Account.	Shares (par, \$100).	Market value.	Amount.
May 8, 1890 Consolidation of the Eastern and P. G. F. & C. roads.....	61,479	\$220	\$13,525,380.00
June 15, 1892 Chelsea Beach.....	504	164½	85,428.00
June 29, 1892 Dover & Winn.....	3,600	169½	610,200.00
June 30, 1892 Wolfeboro.....	3,402	169½	576,639.00
July 20, 1892 South Reading branch.....	1,147	169½	194,416.50
Jan. 16, 1893 Newburyport City.....	555	172	95,460.00
Jan. 25, 1893 Orchard Beach.....	291	172	50,000.00
June 15, 1899 Eastern road in New Hampshire.....	4,801.875	171	821,120.62
Jan. 1, 1900 F. & D.....	5,815.378	200	1,163,075.60
Do..... P. & R.....	5,820	200	1,164,000.00
Do..... P. S. & P.....	15,000	200	3,000,000.00
Total.....	102,615.253	1207.82	21,325,719.72
Grand total since 1890.....	325,053.907	152.46	49,559,225.71

Average.

## SUMMARY.

	Shares.	Amount.
Stockholders.....	307,081,907	\$46,757,182.47
Public (others).....	17,972,000	2,802,043.24
Total.....	325,053,907	49,559,225.71

NEW ISSUES OF BOSTON &amp; LOWELL R. R. CAPITAL STOCK (PAR, \$100 PER SHARE) SINCE ITS LEASE TO BOSTON &amp; MAINE R. R., JUNE 22, 1887.

	Shares.	Price per share.	Issued to—	Amount.
March, 1892.....	1,000	\$173.245	Public.....	\$173,245.00
May, 1892.....	2,000	177.125	Public.....	354,250.00
September, 1892.....	1,000	180.00	Public.....	180,000.00
February, 1893.....	2,000	186.00	Public.....	372,000.00
January, 1894.....	2,000	185.00	Public.....	370,000.00
April, 1896.....	2,000	206.25	Public.....	412,500.00
April, 1903.....	700	240.00	Public.....	168,000.00
January, 1909.....	350	231.25	Public.....	80,937.50
Do.....	2,150	230.625	Public.....	495,843.75
March, 1910.....	1,755	221.375	Public.....	388,513.12
Do.....	100	221.25	Public.....	22,125.00
Do.....	100	221.00	Public.....	22,100.00
Do.....	100	220.625	Public.....	22,062.50
Do.....	645	220.50	Public.....	142,222.50
April, 1911.....	12,800	221.75	Public.....	2,838,000.00
November, 1912.....	12,800	205.14	Public.....	2,626,832.00
Total.....	21,500	204.74		4,401,880.37



## Boston &amp; Maine R. R.—Continued.

NEW ISSUE OF CONCORD &amp; MONTREAL R. R. CAPITAL STOCK (PAR, \$100 PER SHARE) SINCE ITS LEASE TO BOSTON &amp; MAINE R. R., JUNE 29, 1895.

Date.	Shares (par, \$100)	Price received.	Issued to—	Cash received.
October, 1895.....	11,853	\$100.00	Public.....	\$1,185,300.00
March, 1896.....	273	170.375	do.....	46,512.57
July, 1903.....	1,000	189.50	do.....	189,500.00
January, 1904.....	1,500	183.25	do.....	274,875.00
March, 1905.....	1,600	160.00	do.....	256,000.00
March, 1910.....	2,500	160.00	do.....	400,000.00
March, 1912.....	4,000	160.00	do.....	640,000.00
Total.....	22,726	\$131.67		2,992,187.37

NEW ISSUES OF FITCHBURG R. R. PREFERRED CAPITAL (PAR, \$100 PER SHARE) STOCK SINCE ITS LEASE TO THE BOSTON &amp; MAINE R. R., JUNE 30, 1900.

Date.	Shares (par, \$100)	Price received.	Issued to—	Cash received.
1900.....	300	\$132.75	Public.....	\$39,825.00
	5,200	132.375	do.....	688,350.00
1910.....	5,500	\$128.45	do.....	706,628.75
1911.....	1,948	128.125	do.....	249,587.50
	2,052	128.00	do.....	262,656.00
Total.....	15,000	\$129.80		1,947,046.25

NEW ISSUES OF CONNECTICUT RIVER R. R. CAPITAL STOCK (PAR, \$100 PER SHARE) SINCE ITS LEASE TO THE BOSTON &amp; MAINE R. R., JAN. 1, 1893.

Date.	Shares (par, \$100)	Price received.	Issued to—	Cash received.
1901.....	500	\$275.00	Public.....	\$137,500.00
1908.....	791	\$250.08	do.....	197,811.00
1909.....	209	250.00	do.....	52,250.00
1906-1909.....	5,033	\$293.68	do.....	1,478,060.00
Total.....	6,533	\$285.67		1,865,621.00

STATEMENT OF SALE OF BOSTON &amp; MAINE BONDS OUTSTANDING JUNE 30, 1916.

Date of issue.	Amount.	Rate.	Cash realized.	Sold to—
February, 1887 (impt. sk. fund).....	\$1,919,000.00	4	\$1,947,000.00	
August, 1892.....	2,500,000.00	4	2,515,458.60	
January, 1894.....	6,000,000.00	4½	5,700,000.00	Drexel, Morgan & Co.
July, 1900.....	5,454,000.00	3	5,454,000.00	Exchanged for common stock Fitchburg R. R. Co., Massachusetts.
November, 1901.....	1,000,000.00	3½	1,029,200.00	Lee Higginson & Co.
January, 1903.....	2,000,000.00	3½	1,945,000.00	Estabrook & Co.
February, 1905.....	500,000.00	3½	493,375.00	N. W. Harris & Co.
September, 1906.....	10,000,000.00	4	10,120,000.00	R. L. Day & Co.
April, 1909.....	11,700,000.00	4½	12,054,510.00	Wm. A. Read & Co.
June, 1887 (P. G. F. & C.).....	1,000,000.00	4½	1,000,000.00	
January, 1890 (W. N. & R.).....	735,000.00	4	735,000.00	
October, 1894 (W. N. & R.).....	380,000.00	4	380,000.00	Assumed by Boston & Maine with purchase of road.
June, 1906 (W. N. & R.).....	150,000.00	4	150,000.00	
Total.....	43,338,000.00		43,523,543.60	

¹ Sold at auction; purchased by Boston &amp; Maine R. R.

² Average.

³ 3,335 shares sold at auction; purchased by Boston &amp; Maine R. R.

⁴ Average market value.

⁵ Issued in exchange for capital stock of the Vermont Valley R. R., dollar for dollar.

## Boston &amp; Lowell R. R. Corporation.

STATEMENT OF SALES OF BONDS DURING PAST 25 YEARS.

Date.	Par.	Cash realization.	Sold to—
October, 1897.....	\$200,000.00	\$207,163.76	E. C. Stanwood & Co.
October, 1898.....	214,000.00	231,841.18	
July, 1899.....	620,000.00	634,353.00	
January, 1901.....	319,000.00	333,084.12	G. A. Fernald & Co.
May, 1903.....	250,000.00	250,000.00	Lee Higginson & Co.
September, 1905.....	500,000.00	485,567.50	F. L. Higginson.
November, 1906.....	500,000.00	498,722.22	R. L. Day & Co.
July, 1907.....	325,000.00	323,094.55	Mackay & Co.
April, 1909.....	350,000.00	350,705.67	James A. Hutchinson.
February, 1913.....	1,000,000.00	1,017,190.00	Merrill, Oldham & Co.
Total.....	4,278,000.00	4,331,723.00	

Mr. WEEKS. I now take a railroad system in still another section of the country, the Louisville &amp; Nashville system. In a

letter to me under date of July 17, the first vice president, Mr. Mapother, writes as follows:

LOUISVILLE & NASHVILLE RAILROAD CO.,  
Louisville, Ky., July 17, 1916.Hon. JOHN W. WEEKS,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: In response to your favor of the 7th instant, addressed to the president, making inquiry as to the sales of stocks and bonds by the Louisville &amp; Nashville Railroad Co. during the last 25 years, I submit the following:

1. Price at which stock was sold:

Stock issue, par value.....	\$24,012,300.00
Net amount realized.....	22,996,776.77
Average price per share of \$100.....	95.77

2. To whom sold—stockholders or the public: Of the total par value issue, \$11,975,172 was issued to stockholders at par and the remainder sold to the public.

3. Price at which bonds were sold:

The total amount of bonds sold during the 25 years, par value, amounted to \$177,663,500; net amount realized, \$169,337,657.38.

Included in the above par value are bonds aggregating \$42,000,000, which are no longer outstanding in the hands of the public, having matured, from which there was realized when originally sold, \$39,190,000.

Deducting these two amounts from the total sale and net amount realized, we have as the amount of par value of bonds sold during the last 25 years, which are outstanding in the hands of the public, \$135,663,500, and the net amount realized on these bonds amounted to \$130,147,657.38.

The average amount realized per bond of \$1,000 was \$959.34.

4. Proportion which above sale of securities bears to the total capital:

Total issue of capital stock.....	\$72,000,000.00
Proportion of sale during last 25 years to the total.....	33.35
As of May 31, 1916, the total bonded debt outstanding in the hands of the public was.....	\$172,932,000.00
Proportion of the sale for the last 25 years of bonds which are still outstanding to the total outstanding, is.....	75.26
The total net sale, par value, of capital stock and bonded debt for the 25-years period aggregated.....	\$160,675,800.00
Upon which we realized.....	\$153,144,434.15
The total capital stock and bonded debt outstanding in the hands of the public.....	\$244,932,000.00
The par value of total sales represents.....	65.60
Of the total stocks and bonds outstanding and of the amount realized is.....	62.53

Yours, truly,

W. L. MAPOTHER,  
First Vice President.

In other words, the treasury of the Louisville &amp; Nashville Railroad operating in the southern section of the country received practically 97 per cent of the par value of every bond and every share of stock which it has outstanding.

Now, I take another road, the Union Pacific, which has become one of the great railroad systems of the country. I have here a statement of the bonded indebtedness and the stock issued since the reorganization of that system in 1897. I will ask to put this in the RECORD without reading, because the figures there bear out the general statement which I have made in connection with the other roads.

The PRESIDING OFFICER (Mr. ASHURST in the chair). Without objection, that order will be made.

The matter referred to is as follows:

UNION PACIFIC SYSTEM,  
New York, July 21, 1916.Hon. J. W. WEEKS,  
United States Senate, Washington, D. C.

DEAR SIR: Your letter of the 7th instant, addressed to Mr. A. L. Mohler, as president of the Union Pacific Railroad Co., requesting information as to sales of securities by that company, has been referred to me.

In compliance with your request I have had compiled and inclose herewith a statement giving the desired information in so far as we are able to furnish it. The Union Pacific System was reorganized in 1896 and 1897, and the existing companies, which acquired the railroad properties as a result of the reorganization, have none of the information which you request for the period prior to the reorganization.

You refer to a speech by Senator LA FOLLETTE printed in the CONGRESSIONAL RECORD of Thursday, July 6. This citation is apparently erroneous, and we have not been able to find the speech to which you refer. I should be greatly obliged if you would have a corrected citation sent me.

In 1914 I had some correspondence with Senator THOMAS, of Colorado, the principal part of which was printed in the CONGRESSIONAL RECORD, of April 13, 1914, page 7149, and April 22, 1914, page 7600, concerning a criticism of certain Union Pacific financing which he had made on the floor of the Senate.

Yours, very truly,

R. S. LOVETT.

Union Pacific System.

CAPITAL STOCK AND FUNDED DEBT IN HANDS OF THE PUBLIC AS OF JUNE 30, 1916.

[Union Pacific R. R. Co., incorporated July 1, 1897; Oregon Short Line R. R. Co., incorporated Feb. 9, 1897; Oregon-Washington R. R. &amp; Navigation Co., incorporated Nov. 23, 1910, successor to Oregon R. R. &amp; Navigation Co., which was incorporated July 16, 1896, and dissolved on Mar. 1, 1911.]

## CAPITAL STOCK UNION PACIFIC R. R. CO.

## Common stock:

Issued at par value under "Plan and agreement for reorganization dated Oct. 15, 1895," in part payment for railroad and other property acquired.....	\$80,986,400
Issued in exchange for the capital stock of the Oregon Short Line R. R. Co. on basis of par value of U. P. R. R. Co. stock for par value O. S. L. R. R. Co. stock and \$3 in cash per share, amounting to \$820,479. The O. S. L. R. R. Co. stock was owned by the public and had been issued under the "Plan and agreement for reorganization dated Feb. 20, 1896".....	27,349,300
Issued in exchange, at par value, for Oregon R. R. & Navigation Co. common stock owned by the public, which had been issued under "Plan and agreement for reorganization dated in 1895".....	7,690,600
Issued for conversion of first lien convertible 4 per cent bonds at rate of \$100 par value in stock for each \$100, face value in bonds. The convertible bonds were previously sold at their face value, \$39,450,000 to the stockholders and \$60,000,000 to the public.....	99,450,000
Issued for conversion of 20-year 4 per cent convertible bonds at rate of \$100 par value in stock for each \$175 face value in bonds. The \$46,926,775 in bonds converted were originally sold to the stockholders at 90 per cent of face value, which amounted to \$42,234,097.....	26,815,300
<b>Total common stock.....</b>	<b>222,291,600</b>

## Preferred stock:

Issued at par value under "Plan and agreement for reorganization dated Oct. 15, 1895," in part payment for railroad and other property acquired.....	74,974,200
Issued in exchange, at par value, for Oregon R. R. & Navigation Co. preferred stock owned by the public, which had been issued under "Plan and agreement for reorganization dated in 1895".....	9,883,800
Issued in exchange, at par value for face value, for Oregon Short Line R. R. Co. collateral trust, noncumulative income B bonds owned by the public, which had been issued under "Plan and agreement for reorganization dated Feb. 20, 1896".....	14,685,500
<b>Total preferred stock.....</b>	<b>99,543,500</b>

## FUNDED DEBT UNION PACIFIC R. R. CO.

<b>First mortgage railroad and land grant 4 per cent bonds:</b>	
Issued at face value under "Plan and agreement for reorganization dated Oct. 15, 1895," in part payment for railroad and other property acquired.....	89,978,000
Issued in exchange, at par value for face value, for Oregon Short Line R. R. Co. noncumulative income A bonds owned by the public, which had been issued under "Plan and agreement for reorganization dated Feb. 20, 1896".....	6,584,000
Sold to public at 102 per cent of face value, amounting to \$3,506,760.....	3,438,000
	<b>100,000,000</b>
<b>First lien and refunding mortgage 4 per cent bonds sold to the public at 93 per cent of face value, amounting to \$60,876,023.....</b>	<b>65,458,090</b>
<b>20-year 4 per cent convertible bonds sold to the stockholders at 90 per cent of face value, amounting to \$24,151,703.....</b>	<b>26,835,225</b>

## OREGON SHORT LINE R. R. CO.

Oregon Short Line Ry. Co. first mortgage 6 per cent bonds issued in 1881. Assumed by O. S. L. R. R. Co. under "Plan and agreement for reorganization dated Feb. 20, 1896".....	14,931,000
Utah & Northern Ry. Co. first mortgage 4 per cent bonds issued in 1878. Assumed by O. S. L. R. R. Co. under "Plan and agreement for reorganization dated Feb. 20, 1896".....	4,991,000
Utah & Northern Ry. Co. consolidated mortgage 5 per cent bonds issued in 1880. Assumed by O. S. L. R. R. Co. under "Plan and agreement for reorganization dated Feb. 20, 1896".....	1,744,000
<b>Consolidated mortgage 5 per cent bonds:</b>	
Issued at face value under "Plan and agreement for reorganization dated Feb. 20, 1896," in part payment for railroad and other property acquired.....	10,295,000
Sold to the public at face value.....	2,033,000
	<b>12,328,000</b>
<b>Noncumulative income A bonds issued at face value under "Plan and agreement for reorganization dated Feb. 20, 1896," in part payment for railroad and other property acquired.....</b>	<b>272,500</b>
<b>Collateral trust noncumulative income B bonds issued at face value under "Plan and agreement for reorganization dated Feb. 20, 1896," in part payment for railroad and other property acquired.....</b>	<b>25,000</b>
<b>4 per cent refunding bonds sold to the public at 97.56 per cent of face value, amounting to \$43,902,000.....</b>	<b>45,000,000</b>

## OREGON-WASHINGTON R. R. &amp; NAVIGATION CO.

Oregon R. R. & Navigation Co. consolidated mortgage 4 per cent bonds:	
Issued at face value under "Plan and agreement for reorganization dated in 1895," in part payment for railroad and other property acquired.....	15,174,000
Issued at 110 per cent in exchange for \$4,900,000 Oregon Ry. & Navigation Co. first mortgage 6 per cent bonds.....	5,390,000
Sold to the public; can not furnish prices.....	2,816,000
	<b>23,380,000</b>
<b>First and refunding mortgage 4 per cent bonds sold to the public at 90 per cent of face value, amounting to \$35,698,532.....</b>	<b>39,665,035</b>
<b>Total funded debt.....</b>	<b>334,629,850</b>

NOTE.—The above represents securities held by the public and does not include stock and bonds of the respective Union Pacific system companies held in the Treasury or owned within the system.

JULY 20, 1916.

Mr. WEEKS. Also, I have a statement of the Southern Pacific System, which operates in the same section of country covered by the Union Pacific System.

The issue of stock in the Southern Pacific system since December 31, 1890, amounts to \$156,599,000. Of this amount \$81,636,415.64 was issued in exchange for stock of companies forming part of the system. This leaves \$74,963,100 to be accounted for. Seventy-four million four hundred and fifty-one thousand eight hundred dollars was issued in exchange for an equal amount of preferred stock, which has been issued for cash at par. Five hundred and eleven thousand three hundred dollars was issued in exchange for convertible bonds, which had previously been issued for cash at par. Of this last amount \$509,300 was issued at a premium of 130.

I annex a statement giving the detail of the bond issue and the total issue aggregating \$249,000,000. There are now outstanding \$204,000,000, the remainder having been retired or converted into stock. I ask that there may be printed in the RECORD the statement relating to this matter which I have been discussing.

The PRESIDING OFFICER. That order will be made.

The matter referred to is as follows:

SOUTHERN PACIFIC CO.,  
July 27, 1916.

HON. JOHN W. WEEKS,  
United States Senate, Washington, D. C.

DEAR SIR: Mr. William Sproule, president of the Southern Pacific Co., as well as of the Southern Pacific Railroad Co., has referred to me your letter of July 7, in which you ask to be furnished with certain information as to the sales of stocks and bonds by the "Southern Pacific Railroad Co." and its leased lines during the last 25 years.

The Southern Pacific Railroad Co. owns one of the several lines composing the Southern Pacific system, which is operated under lease by the Southern Pacific Co. On account of the almost total destruction of its corporate records by the San Francisco fire of 1906, it is impossible at the present time to furnish you with the desired information. I say "at the present time," for agents of the valuation department of the Interstate Commerce Commission, with the cooperation of our own officers, have been engaged for some time in the endeavor to work out from what remains of the corporate records information similar to that which you have asked for. It is believed that this work will be completed and a report made in about six weeks or two months.

The parent company of the Southern Pacific System is the Southern Pacific Co., a Kentucky corporation, whose executive officers are in New York. Your letter was referred to me, as chairman of the executive committee of the Southern Pacific Co., doubtless because Mr. Sproule thought that you had in mind the Southern Pacific Co. By the Equitable Building fire of 1912 this company also incurred the loss of nearly all its corporate records.

From the printed annual reports of the Southern Pacific Co. and from its reports to the Interstate Commerce Commission it appears that its outstanding capital stock was issued either in exchange for the stock of the companies which compose its system or for the equivalent of cash at par.

The issue of its stock since December 31, 1890, amounts to \$156,599,515.64. Of this amount, \$81,636,415.64 was issued in exchange for stock of companies forming part of its system. This leaves \$74,963,100 to be accounted for; \$74,451,800 was issued in exchange for an equal amount of preferred stock, which had been issued for cash at par; \$511,300 was issued in exchange for convertible bonds, which had previously been issued for cash at par. Of this last amount, \$509,300 was issued at a premium of 130.

All the bonds of the Southern Pacific Co. have been issued in the last 25 years; \$16,818,500 were issued in 1900 in connection with the acquisition of the Central Pacific Railway Co.; the remainder were issued at the highest prices obtainable, varying from a minimum of 87.50 for an issue of 4 per cent bonds during fiscal year ended June 30, 1912, to a maximum of 96.75 for 4½ per cent bonds during fiscal year ended June 30, 1913. The \$136,346,500 of convertible bonds were issued for cash at par. I annex a statement giving the details of the bond issues. Of the total issues, aggregating \$249,345,000, there are now outstanding \$204,835,110. The remainder have been retired or converted into stock.

Yours, truly,

J. KRUTTSCHNITT.



*Southern Pacific Co.*  
BONDS ISSUED TO JUNE 30, 1915.

Title of bonds.	Par value.	Rate at which sold (less commission).	Disposition of bonds.	Par value of bonds outstanding June 30, 1916.
First mortgage 6 per cent steamship bonds, issued fiscal year—				
1891.....	\$1,971,000	100	Sold to Pacific Improvement Co. (eventually acquired by the Central Pacific Ry. Co. for sinking funds).	None.
1892.....	1,029,000			
Total.....	3,000,000			
Two 5-year 4½ per cent gold bonds, issued fiscal year—				
1901.....	15,000,000	Average 93½	Unable to ascertain from records account destruction thereof in Equitable Building fire Jan. 9, 1912; issued for corporate purposes of the company.	None.
1903.....	5,000,000			
1904.....	10,000,000			
Total.....	30,000,000			
Two 5-year 4 per cent gold bonds, issued fiscal year—				
1905.....	6,991,000	100	Issued in exchange for a like amount of two 5-year 4½ per cent gold bonds.	None.
1906.....	262,000			
Total.....	7,253,000			
4 per cent gold bonds (C. P. stock collateral), issued fiscal year—				
1900.....	16,818,500		Issued in part payment of purchase price of Central Pacific R. R. Co.'s common stock, in accordance with readjustment plan, which provided that holders of the said stock should receive share for share in Southern Pacific Co.'s common stock and 25 per cent in S. P. Co. 4 per cent gold bonds (C. P. stock collateral).	\$34,218,500
	12,000,000		Issued in exchange at par for \$12,000,000 Central Pacific preferred stock.	
1903-1912.....	5,400,000	89	Sold to Union Pacific R. R. Co. to reimburse S. P. Co. for advances made for additions and betterments Central Pacific Ry.	
Total.....	34,218,500			
4½ per cent 20-year gold bonds, issued fiscal year—				
1909.....	72,000		Issued in part payment of preferred stock surrendered and canceled. Holders received for each share surrendered 100 per cent in bonds and 20 per cent in cash.	227,000
1910.....	155,000			
Total.....	227,000			
per cent 20-year convertible bonds, issued fiscal year—				
1909.....	79,896,546	100	Sold to stockholders to reimburse company for expenditures account road and equipment and provide funds for future additions and betterments.	81,151,910
1910.....	1,917,454			
Total.....	81,814,000			
San Francisco Terminal first mortgage 4 per cent bonds, issued fiscal year—				
1910.....	15,000,000	87½	Sold to Kuhn, Loeb & Co. <sup>1</sup>	24,965,700
1911.....	4,000,000	88½	do. <sup>1</sup>	
1912.....	6,000,000	87½	Sold to Union Pacific R. R. Co. <sup>1</sup>	
Total.....	25,000,000			
5 per cent 20-year convertible gold bonds, issued fiscal year—				
1914.....	51,526,427	100	Issued to stockholders to reimburse company for expenditures account road and equipment and to refund \$26,000,000 S. P. Co. 1-year notes.	54,527,000
1915.....	3,006,073			
Total.....	54,532,500			
Equipment trust 4½ per cent certificates:				
Series A—				
Issued fiscal year 1913.....	5,000,000	96.75	Sold to Kuhn, Loeb & Co. to provide funds with which to purchase rolling stock.	9,745,000
Issued fiscal year 1914.....	5,120,000	+95.89		
Series B, issued fiscal 1914.....	2,010,000	+95.62		
Series C, issued fiscal year 1915.....	1,170,000	+96.45		
Total.....	13,300,000			
Grand total.....	249,345,000			204,835,110

<sup>1</sup> To reimburse company for expenditures account Bay Shore Line and terminal facilities.

Mr. WEEKS. I have statements from other prominent railroads of the country that practically substantiate the figures which I have given in the roads I have cited.

In a word, I want to say, Mr. President, that I do not find that any railroad company in this country has issued securities during the last 25 years materially below par, and that the average of all the railroad securities issued, both stocks and bonds, during that period is substantially 95 per cent of their par value. I doubt, unless in the very remotest sections of the United States, in the case of some small railroad, if there has been a single mile of road built during the last 25 years where a bond issue has been made and the stock has been given to the purchaser of the bonds as a gratuity. It certainly has not been done in the case of any of the great railroad systems of the country, which have constructed practically all of the mileage which has been constructed in the United States during that time. I do not know a single instance of an old railroad where that has been done. I think in one or two cases in the Southwest I have heard of cases where railroads have been

undertaken by a sale of bonds, and the stock sold at a material discount from par. In one instance—I do not recall the name of the road; I guess it was the Kansas City & Southern or the Kansas City & Gulf—the road was in the hands of a receiver before it was completed. The same individuals attempted to construct a road in a southwestern direction from Kansas City—with this the present Presiding Officer (Mr. ASHURST in the chair) may be familiar—but I think the result was exactly the same as in the previous case—that the road went into the hands of a receiver before the construction was completed.

So finally in my investigations, which have been fairly thorough, I do not find any instance which will corroborate the statement made by the Senator from Wisconsin—that railway stocks are given to the purchasers of bonds, and do not bring any return to the treasury of the road.

I make this statement and submit these figures not because I care personally anything about defending the railway situation in the United States in any other manner than to promote the public interest by furnishing the public with sufficient confi-

dence in railway securities so that they may safely invest in them and thereby enable railroads to make developments which will enable them to perform the service which the public has a right to demand. If what I have submitted has any influence in bringing about that condition, I am quite content. I certainly have had no other purpose in taking this matter up for discussion at this time.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House disagrees to the amendments of the Senate to the bill (H. R. 15522) to establish a national park service, and for other purposes, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FERRIS, Mr. TAYLOR of Colorado, and Mr. LA FOLLETTE managers at the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 8234) to prevent interstate commerce in the products of child labor, and for other purposes, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. LEWIS, Mr. MAHER, and Mr. SMITH of Michigan managers at the conference on the part of the House.

#### ENROLLED BILLS SIGNED.

The message further announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 12717. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1917, and for other purposes;

H. R. 13224. An act to amend an act entitled "An act to authorize the establishment of a Bureau of War Risk Insurance in the Treasury Department," approved September 2, 1914;

H. R. 15957. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; and

H. R. 16699. An act making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1917, and for other purposes.

#### PETITIONS AND MEMORIALS.

Mr. PHELAN presented a petition of the Men's Club of the St. Andrew's Episcopal Church, of Los Angeles, Cal., praying for the enactment of legislation to prohibit interstate commerce in the products of child labor, which was ordered to lie on the table.

He also presented memorials of sundry citizens of California, remonstrating against the enactment of legislation to limit the freedom of the press, which were ordered to lie on the table.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS:

A bill (S. 6808) granting a pension to Mrs. W. H. Holmes (with accompanying papers); to the Committee on Pensions.

By Mr. SMOOT:

A bill (S. 6809) granting an increase of pension to William F. Wilson (with accompanying papers); to the Committee on Pensions.

By Mr. REED:

A bill (S. 6810) for the relief of John H. Rheinlander; to the Committee on Claims.

#### WITHDRAWAL OF PAPERS—TABITHA RASK.

On motion of Mr. PITTMAN, it was

Ordered, That the papers in the case of the bill S. 4156, Sixty-fourth Congress, first session, granting a pension to Tabitha Rask, be withdrawn from the files of the Senate, no adverse report having been made thereon.

#### NATIONAL PARK SERVICE.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 15522) to establish a national park service, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SMOOT. I move that the Senate insist upon its amendments and agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. MYERS, Mr. THOMAS, and Mr. SMOOT conferees on the part of the Senate.

#### THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 15455) to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries, to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes.

Mr. FLETCHER. Mr. President, I presume it would now be in order to have the Secretary read the bill and take up the amendments of the committee in their order.

Mr. SMOOT. I will ask the Senator not to make that request at this time. I will say that there are no other Senators ready to go on to-night, but they will be prepared in the morning, and I hope the Senate will now adjourn.

Mr. FLETCHER. I think, Mr. President, I will not ask unanimous consent to have the bill read and consider the committee amendments first. We have had a very hard day of it anyway, and I move that the Senate adjourn until 12 o'clock to-morrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m., Wednesday, August 9, 1916) the Senate adjourned until to-morrow, Thursday, August 10, 1916, at 12 o'clock meridian.

### HOUSE OF REPRESENTATIVES.

WEDNESDAY, August 9, 1916.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father who art in heaven, we approach Thee in faith and confidence that we may be guided by the light of Thy spirit through all the duties of this day; impress upon us, we beseech Thee, the certainty of the great and universal law: "Whosoever a man soweth, that shall he also reap. For he that soweth to his flesh, shall of the flesh reap corruption; but he that soweth to the Spirit, shall of the Spirit reap life everlasting. And let us not be weary in well-doing, for in due season we shall reap, if we faint not." Hear us and thus bless us in the name of Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, one of its clerks, announced that the Senate had insisted upon its amendment to bill (H. R. 8234) to prevent interstate commerce in the products of child labor, and for other purposes, had requested a conference with the House of Representatives on the bill and amendments and had appointed Mr. NEWLANDS, Mr. ROBINSON, and Mr. CLAPP as the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 193. Joint resolution authorizing the Postmaster General to provide the postmaster at Newark, N. J., with a special canceling die for the Newark Two hundred and fiftieth Anniversary Celebration.

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 5976) to amend an act approved May 29, 1908, entitled "An act to amend an act to authorize the Baltimore & Washington Transit Co. of Maryland to enter the District of Columbia," approved June 8, 1896.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to bills of the following titles:

S. 1351. An act providing for the discovery, development, and protection of streams, springs, and water holes in the desert and arid public lands of the United States, for rendering the same more readily accessible, and for the establishment of and maintenance of signboards and monuments locating the same; and

S. 5466. An act to open abandoned military reservations in the State of Nevada to homestead entry and desert-land entry, and to amend an act entitled "An act to open abandoned military reservations in the State of Nevada to homestead entry," approved October 1, 1890.

#### TRADE RELATIONS WITH FOREIGN COUNTRIES.

Mr. LONGWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by publishing a letter recently written by the President to the president of the Illinois Manufacturers' Association. Mr. Speaker, I will say, this was